

# **2012**

## **FINAL REPORT**

## **UNALASKA FLEET COOPERATIVE**

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**Unalaska Fleet Cooperative Membership Agreement**

**Intercooperative Amendment 91 Salmon IPA Agreement**

# **I. INTRODUCTION**

The 1998 American Fisheries Act (AFA) allowed for the rationalization of the Bering Sea Pollock fishery by creating an avenue for the formation of cooperatives. Cooperatives are designed to improve both the economical and biological health of the Pollock fishery in the Bering Sea. Under the cooperative structure fishermen and processors are able to be flexible in designing fishing plans and therefore effectively reduce bycatch and better utilize all species in a fishery. Additionally federal fisheries managers receive better information on catch rates and stock distribution. As in previous years cooperatives were established in both the inshore and offshore sectors of the Bering Sea Pollock fishery. The offshore component formed the Pollock Conservation Cooperative, consisting of factory trawlers, a group of seven catcher vessels with history of delivering offshore to factory trawlers and the Mothership sector. The Mothership Sector formed one cooperative and the inshore sector formed a total of seven. Quotas are distributed to coops by the NMFS as per a formula based on the catch percentages by vessels in the best two of three qualifying years, 1995-1997 as set in the AFA.

The Unalaska Fleet Cooperative is one of seven inshore cooperatives formed in December 1999 in accordance to the directives set forth by congress through the AFA. Our objective is to reduce the competition for fish thereby promoting economic stability and safety for all members, fishermen and vessels.

In compliance with AFA regulations, this report is submitted as a summary of harvest and cooperative performance for the 2011 fishing season in the Bering Sea and the Gulf of Alaska. Catch figures are compiled from actual fish ticket information.

Catch statistics are separated into two sections, the Bering Sea AFA Pollock fishery and the sideboard fisheries in both the Bering Sea and the Gulf of Alaska. Included are tables reporting distribution and catch of AFA Pollock by member vessels. All target species, aggregate groundfish bycatch and prohibited species catch (PSC) are tabulated for each target fishery on a per vessel basis. Participation by vessels exempt from sideboards in the Gulf of Alaska are not included in this report.

## II. UNALASKA FLEET COOPERATIVE

### A. MEMBERSHIP

The Unalaska Fleet Cooperative was formed in December of 1999 to obtain a specific allocation of Pollock in the Bering Sea and Aleutian Islands based on the landed history of member vessels in 1995, 1996 and 1997 as published by NMFS Table 47C to 50CFR Part 679. The allocated cooperative amount is distributed among member vessels as per table 47C. Our primary goal is to reduce and utilize non-target species bycatch in a responsible fashion while improving harvest and processing efficiencies in target fisheries. Additional goals include vessel safety and improved efficiency through gear advances. Members strive to reduce incidental bycatch of prohibited species through fishing practices, improved fleet monitoring and information distribution, and use of research and development of new gear and techniques. Membership consists of persons or entities that qualify to form a fishery cooperative associated with the Alyeska Seafood Inc plant in Unalaska under section 2 10(b) of the American Fisheries Act. In September of 2012 there was an ownership change in one of the vessels. The table below reflects the new ownership, however the membership agreement lists the previous owners.

MEMBER	VESSEL	LOA	AFA PERMIT NUMBER	SIDEBOARD STATUS
Alaska Rose, Alaska LLC	Alaska Rose	124'	515	Non exempt
Bering Rose, Alaska LLC	Bering Rose	124'	516	Non exempt
Destination, Alaska LLC	Destination	180'	3988	Non exempt
Great Pacific, Alaska LLC	Great Pacific	124'	511	Non exempt
F/V Progress Fisheries Partnership	Progress	114'	512	Non exempt
Vanguard Partnership	Vanguard	98'	519	BSAI Cod - Mothership
F/V Western Dawn, LLC	Western Dawn	113'	134	BSAI Cod - Mothership
Sea Wolf, Alaska LLC	Sea Wolf	143'	1652	Non exempt
Ms Amy and Messiah, Alaska LLC	Ms Amy	90'	2904	Non exempt
Ms Amy and Messiah, Alaska LLC	Messiah	83'	6081	BSAI Cod-Exempt
F/V Leslie Lee Inc.	Leslie Lee	97'	1234	GOA - Exempt

## **B. IN SEASON MANAGEMENT**

Fishing strategies and plans were developed to improve resource utilization while avoiding bycatch. A manager was contracted to manage fishing strategies to maximize efficient use of the resource, minimize bycatch, interact with other coops and help the fleet meet requirements of new regulations regarding Chinook salmon accounting. Pollock allocations were distributed among the coop fleet based on individual vessel landed catch histories using the same criteria as NMFS for each fishery. Percentages were verified against the NMFS database used to distribute Chinook salmon. These percentages were based on each vessel's share of the inshore coop as calculated using the best 2 of 3 years Pollock harvest 1995-1997. Distributions were made on an annual basis based on the same criteria used by NMFS for distribution to cooperatives. Seasonal and area caps were set parallel to NMFS regulations to protect Stellar Sea Lions.

The manager was tasked with monitoring the catch of Pollock and sideboard species and keeping the fleet and cooperative board updated through the fishery. Additional responsibilities include guiding the fleet in understanding the coop structure and objectives, gathering and analyzing data to help vessel captains reduce bycatch, and identifying and initiating change in accordance with those objectives. One of the main goals for 2012 was to not only closely monitor bycatch, but take strong measures to avoid any harvest of salmon, particularly Chinook and to adhere by the incentives and rules set forth by the Inshore Salmon Savings Incentive Plan Agreement (SSIP.) Harvest reports were filed weekly with NMFS as per regulation. The fleet was monitored and data sent to Sea State as per the Inter-Cooperative Agreement. Quota management included filing of amendment 69 documents with NMFS to allow for contract fishing as needed and providing documentation for transfer of sideboard caps and AFA Pollock harvests both within and outside the coop. Weekly updates informed the membership of the overall standing of the fleet and coop related interactions. Communications were maintained with the captains, crews and the plant manager resulting in an orderly harvest of fish to meet increased utilization goals.

All deliveries were monitored and recorded both on a fleet and by vessel basis. Captains were presented with a one page spreadsheet outlining directed catch, by catch, vessel Chinook allocations, harvest and savings based on bycatch to date, other prohibited species catch numbers and rates, and amount of allocation remaining. Bycatch was monitored on a per delivery basis, and information relayed to the fleet in a timely manner via satellite communications. The fleet was also updated as salmon closure areas were announced through the Inter Cooperative Agreement as per the Rolling Hotspot Closure System as part of amendment 84. No members of our coop

were in violation of the terms of the agreement. All members of our fleet participated in the Intercoop Salmon Bycatch Reduction program. King salmon allocations were made by season to each vessel based on their percentage of the inshore Pollock allocation. An updated table with, weekly and seasonal bycatch rates on a vessel and fleet basis was posted in house to identify bycatch trends and stimulate discussions on reduction ideas. Overall fleet catch and sideboard amounts were also monitored by Sea Sate Inc and data was posted on a web site. All parties compared in house data with this data on a weekly basis to reconcile accounting. Vessels were provided with access to the Seastate website in order to monitor salmon bycatch and their individual bycatch numbers and standing as compared to the overall inshore fleet. Some vessels added satellite web access in order to reach the website at any time.

Transfer agreements were negotiated within the cooperative to facilitate the efficient use of allocations. Members were allowed to transfer shares of Pollock to other members within the coop by first contacting the manager to verify the amount to be transferred. The manager prepared a spreadsheet outlining transfers, which is incorporated into this report. The manager also initiated transfers based on remaining allocations, hold capacity, fishing grounds, fish size and quality. In general, the manager initiated transfers based on both fishing conditions and processing needs. All groundfish was delivered within the state of Alaska.

Contract fishing under amendment 69 of the AFA was initiated as needed during B season only. In 2012 the Unalaska Fleet Coop did not initiate or harvest any amendment 69 activities .

The Unalaska Fleet Coop began B season operations on June 11 2012. The early B season start compromised flesh recovery for salmon bycatch reduction. Our coop completed operations in September to avoid higher Chinook bycatch.

### III. AFA POLLOCK

#### A. ALLOCATION OF BERING SEA POLLOCK

Pollock allocations to the Bering Sea were increased in 2012 Overall the ITAC was increased to 1,266,400MT. The initial allocation of pollock was restricted to the Bering Sea. Aleutian Islands stocks were available as incidental catch in other fisheries and as a direct allocation to the Aleut Corporation. 19,000MT was set aside for the Aleutian Islands of which 15,500 was allocated directly to the Aleut Corporation. 12,500MT of this allocation was later rolled into the Bering Sea TAC. Initial TAC for Pollock included ICA, CDQ and both inshore and offshore AFA allocations. This amount was distributed based on established schedules as follows:

TAC	1,212,400
CDQ	121,900
INCIDENTAL CATCH ALLOWANCE	32,400
* OFFSHORE – 40%	443,240
* MOTHERSHIP – 10%	105,810
* INSHORE – 50%	529,050

\* Amounts calculated after deductions for CDQ and ICA



## **B. ALLOCATION TO THE UNALASKA FLEET COOPERATIVE.**

The inshore component is comprised of seven cooperatives. Individual coop allocations were based on the aggregate catch of member vessels during the best two of three years during 1995-1997. The total of all coops was then subtracted from the total inshore allocation to determine the open access quota. There were no vessels in the open access category for 2012.

<b>COOPERATIVE</b>	<b>PERCENTAGE OF INSHORE ALLOCATION</b>	<b>2012 FINAL ALLOCATIONS</b>
Akutan Catcher Vessel Association	32.263%	170,686
Arctic Enterprise Association	0.00%	0
Northern Victor Cooperative	9.684%	51,231
Peter Pan Fleet Cooperative	2.347%	12,418
Unalaska Fleet Cooperative	11.041%	58,410
Unisea Fleet Cooperative	26.483%	140,109
Westward Fleet Cooperative	18,183%	96,196
Open Access	0.00%	0.00
<b>TOTAL</b>	<b>100.000%</b>	<b>529,050</b>

### **C. INITIAL ALLOCATION TO VESSELS WITHIN THE UNALASKA COOPERATIVE - 2012**

Vessels within the cooperative received initial allocations based on their catch histories in the best two of three years in 1995-1997. Distribution within the coop did not change from 2011.

<b>VESSEL</b>	<b>2012 MT</b>	<b>INSHORE %</b>	<b>COOP %</b>
ALASKA ROSE	<b>8,906.56</b>	1.6835%	15.248%
BERING ROSE	<b>9,119.76</b>	1.7238%	15.613%
DESTINATION	<b>11,389.39</b>	2.1528%	19.499%
GREAT PACIFIC	<b>6,539.59</b>	1.2361%	11.196%
LESLIE LEE	<b>2,899.19</b>	0.5480%	4.963%
MESSIAH	<b>1,212.05</b>	0.2291%	2.075%
Ms. AMY	<b>2,582.82</b>	0.4882%	4.422%
PROGRESS	<b>5,352.93</b>	1.0118%	9.164%
SEA WOLF	<b>8,018.28</b>	1.5156%	13.728%
VANGUARD	<b>298.91</b>	0.0565%	0.512%
WESTERN DAWN	<b>2,090.81</b>	0.3952%	3.580%
<b>TOTAL</b>	<b>58410.29</b>	<b>11.0406%</b>	<b>100.000%</b>

## D. UNALASKA FLEET COOPERATIVE - 2012 INTRA COOPERATIVE TRANSFERS, CONTRACT FISHING AND HARVEST

<b>VESSEL</b>	<b>INITIAL ALLOCATION</b>	<b>CO-OP TRANSFERS</b>	<b>CONTRACT</b>	<b>HARVEST</b>	<b>REMAINING ALLOCATION</b>
<b>ALASKA ROSE</b>	8,906.56	861.13	0	9,767.69	0.00
<b>BERING ROSE</b>	9,119.76	527.10	0	9,646.86	0.00
<b>DESTINATION</b>	11,389.39	-86.97	0	11,302.41	0.00
<b>GREAT PACIFIC</b>	6,539.59	554.49	0	7,094.08	0.00
<b>LESLIE LEE</b>	2899.19	0	0	2,890.52	8.67
<b>MESSIAH</b>	1,212.05	-1,210.34	0	-	1.71
<b>Ms. AMY</b>	2,582.82	-2,579.17	0	-	3.65
<b>PROGRESS</b>	5,352.93	414.67	0	5,767.60	0.00
<b>SEA WOLF</b>	8,018.28	2,120.79	0	10,139.07	0.00
<b>VANGUARD</b>	298.91	141.64	0	440.55	0.00
<b>WESTERN DAWN</b>	2,090.81	-743.32	0	1,346.34	1.14
<b>TOTAL</b>	<b>58,410.29</b>	<b>0</b>	<b>0</b>	<b>58,395.13</b>	<b>15.17</b>

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Members were allowed to transfer allocation within the coop to increase the efficiency of the fleet. Quotas were managed in lbs to facilitate reconciling of numbers with fish ticket information. Differences are due to rounding errors in the repeated conversion of weights from pounds to metric tons and back. Both the individual member and the coop manager initiated transfers. No contract deliveries of Unalaska Coop Pollock were made under amendment 69. None of our members harvested fish for other coops under amendment 69.

## **E. UNALASKA FLEET COOPERATIVE 2012 – CONTRACT FISHING SCHEDULE**

<b>VESSEL</b>	<b>CONTRACTING COOPERATIVE</b>	<b>HOME COOPERATIVE</b>	<b>DELIVERY LOCATION</b>	<b>CONTRACT AMOUNT MT</b>	<b>HARVEST AMOUNT MT</b>
<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
<b>TOTAL Fished for other coops by UFC vessels</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
<b>Total fished for UFC under contract</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>

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Although our quota was harvested by September 10, 2012 and other cooperatives were not finished at that time, our members chose to avoid Chinook harvest therefore did not participate in any contract fishing under amendment 69.

## F. UNALASKA FLEET COOPERATIVE 2012 BERING SEA – AFA DIRECTED POLLOCK FISHERY – CATCH AND BYCATCH

Vessel	Landed Pollock	Total Groundfish Catch	Halibut Mortality	Chinook No.	Other Salmon No.	Red King crab No.	Tanner No.	Bairdi No.	Herring Wt
Alaska Rose	9,767.69	9,962.75	4.99	103	89	1	40	11	0.77
Bering Rose	9,646.86	9,834.89	5.14	186	77	0	74	32	1.98
Destination	11,302.41	11,474.10	1.98	90	21	0	12	3	13.58
Great Pacific	7,094.08	7,214.35	1.64	102	177	0	11	3	0.47
Leslie Lee	2,890.52	2,949.48	0.86	26	561	0	3	0	0.25
Progress	5,767.60	5,841.70	1.33	83	185	0	0	1	0.16
Sea Wolf	10,139.07	10,336.60	3.96	85	89	0	14	0	0.31
Vanguard	440.55	447.77	0.07	0	15	0	0	0	0.00
Western Dawn	1,346.34	1,364.45	0.17	198	11	0	1	0	0.10
<b>Fleet TTL</b>	<b>58,395.13</b>	<b>59,426.09</b>	<b>20.15</b>	<b>694</b>	<b>1,224</b>	<b>1</b>	<b>155</b>	<b>50</b>	<b>17.62</b>

Historical Salmon migration patterns, PSC catch rates and seasonal historic processor product recovery rates were all considered in creating the fishing plan. PSC bycatch numbers were monitored in conjunction with the intercoop manager and Sea State Inc. Daily reporting of salmon catch rates in ADF&G statistical areas by delivery were compiled to create “hot spot” avoidance areas. Our coop participated in the ICA rolling hot spot closure program. Most members of our coop used salmon excluders and followed protocols developed through the EFP to allow escapement of live salmon from the trawl. Some members of our coop went so far as to purchase and share a camera to help fine tune excluders to maximize escapement while minimizing the loss of target fish. Overall all members agreed to prioritize bycatch reduction and were dedicated to attain this goal. Numbers in this table are derived from fish tickets.

## **G. UNALASKA FLEET COOPERATIVE – 2012 APPEARANCE ON DIRTY 20 CHUM SALMON LIST:**

ALASKA ROSE	1
BERING ROSE	2
DESTINATION	1
GREAT PACIFIC	4
LESLIE LEE	6
PROGRESS	3
SEA WOLF	2
VANGUARD	3
WESTERN DAWN	1

The fleet concentrated on minimizing salmon bycatch through the use of good judgment and the experimental salmon excluder. This was done at the expense of better flesh recovery for the processing plant and higher fuel costs for the vessel. The passage of Amendment 84 cemented the confidence within the fleet that a reliable program with longevity was in place to reduce salmon bycatch that evened the playing field with compliance monitoring and penalties for vessels that fail to prioritize salmon avoidance. Fishing is competitive by nature and fishermen tend to rate themselves based on their ability to harvest their share of the fishery in an efficient manner. Instability in regulations allows for unchecked and unreasonable competition that may not be in the best long term interest of the resource. Estimates for the number of salmon saved using area avoidance strategies and complying with the Variable Hot Spot Closures as per the ICA bycatch reduction plan will be available in the report prepared by the ICA manager. The coop manager was responsible to provide information to the vessels and notify both the vessel and the IC manager if any vessel violated a salmon closure. No members of our coop were in violation of the salmon closures. The table above represents the number of times during each season that members of the coop were on the “dirty twenty list.” This list is published weekly by Sea State Inc. and represents vessels with the highest bycatch rate. With the exception of the Leslie Lee, the Unalaska Cooperative fleet appearance on these lists was minimal in 2012.

## H. UNALASKA FLEET COOPERATIVE – 2012 SALMON BYCATCH BY SEASON:

	CHINOOK		CHUM	
	A	B	A	B
Alaska Rose	30	11	0	2740
Bering Rose	85	12	0	3386
Destination	48	144	5	1842
Great Pacific	29	12	0	1493
Leslie Lee	0	13	0	1118
Progress	22	12	0	1348
Sea Wolf	22	8	0	858
Vanguard	3	0	0	23
Western Dawn	2	9	0	230
<b>TOTAL</b>	<b>241</b>	<b>221</b>	<b>5</b>	<b>13038</b>

As expected, in 2011 Chinook numbers were higher during the A season and Chum numbers were higher in the B season. Given the smaller quotas we were able to end operations before Chinook salmon moved into the Bering Sea – usually in October. Every effort was made to avoid salmon.

### **III. SIDEBOARDS AND THE INTERCOOP AGREEMENT**

As in previous years, representatives of the nine catcher vessel cooperatives developed an agreement that governs the relationships between the individual cooperatives. This agreement was approved by all the catcher vessel (CV) cooperatives. The primary reasons for this agreement include:

- 1) Allocation, monitoring and compliance of the GOA and BSAI groundfish limits among the coops;
- 2) Allocation, monitoring and compliance of certain PSC caps by the individual cooperatives;
- 3) Allocation and monitoring and compliance of the harvest of BSAI pollock inside the Steller Sea Lion Conservation Area during the A season (over and =/under 99' vessels ;)
- 4) Establishment of penalties for a coop exceeding its pollock and sideboard allocations;
- 5) Provide for the harvest of BSAI P. cod for the "< 1700 mt" exempt vessels while complying with AFA PSC limits;
- 6) Establishment and monitoring of sideboard species transfers between cooperatives;
- 7) To promote compliance of the Council's recommended Sideboard measures and PSC limits while allowing for maximum harvest of the AFA pollock and sideboard allocations; and
- 8) To establishment, monitoring and enforcing the Chum and Chinook Salmon Management Plan to reduce Salmon bycatch.

#### **A. Sideboard Management**

In accordance with Section 211(c) of the AFA, the North Pacific Fisheries Management Council (Council) adopted sideboard species caps to give assurances to non-AFA vessel owners that AFA vessels would not harvest more than their traditional levels of groundfish fisheries in the GOA and BSAI. However, the Council and NMFS did not provide allocations of sideboard species to the individual cooperatives. Rather, they established an aggregate groundfish sideboard cap for all AFA catcher vessels. In order to work together to meet the Council's intent of not exceeding these caps, all nine CV cooperatives agreed to individual coop harvest limits and penalties for all sideboard fisheries, combined with an industry funded and established catch monitoring program (Sea State, Inc.).

The cooperatives agreed to limit their collective members' harvest of each sideboard species to the amount determined by a history-based formula set out in the Intercoop Agreement. The formula includes reserving an amount of each sideboard species necessary to fund bycatch needs of other directed fisheries (example: P. cod bycatch in the Pollock or YFS fisheries).

Making this agreement somewhat difficult was the Council established exempt vessel classification for CVs. The Council established an exemption to the BSAI P cod limit for AFA vessels < 125' LOA whose annual BSAI Pollock landings during 1995-1997 were less than 1700mt and also had made more than 30 deliveries of P. cod during those years. The Council also exempted the Mothership AFA vessels from the BSAI P. cod cap after March



1<sup>st</sup>. In addition, the Council made an exemption to the GOA groundfish limits for AFA vessels < 125' LOA whose annual BSAI Pollock landings during 1995-1997 were less than 1700mt and also had made more than 40 GOA deliveries of groundfish during those years. The agreement allows the exempt vessels unlimited access to the directed fishery, while constraining them to an acceptable PSC rate.

The Council's exempt recommendation was for an exemption to the directed species, (in this case P. cod), and not an exemption to associated PSC bycatch. To address this problem, the Intercoop Agreement contains language that provides for the AFA exempt vessels to fish the BSAI CV cod directed fishery allowance unconstrained. The agreement also provides for an allocation of PSC to these exempt vessels' coop as long as these vessels PSC rate below the acceptable AFA fleet rate.

## **B. PSC Management**

Each coop receives PSC cap allocations for its non-exempt vessels proportionate to its related sideboard species allocations. In addition, each coop receives an initial PSC allocation for its exempt vessels. If a coop's exempt vessels' PSC rate remains at or below the predetermined acceptable rate, the coop can receive additional PSC when needed, as determined by the Monitoring Agent (Sea State), in order to continue fishing for BSAI P. cod. This "refreshing of PSC" only applies to the exempt AFA Vessels within a coop. The non-exempt AFA vessels have to live with their initial allocation of PSC.

## **C. Monitoring**

The agreement acknowledges that timely reported catch data is necessary. Coops are required to provide timely data on sideboard catch and PSC to a monitoring agent. The nine CV coops have agreed to contract with Sea State, Inc. to provide centralized monitoring and reporting. Data sources include the NMFS Shoreside Logbook Reporting Program, along with the Observer Program information.

An intercoop manager was hired and retained by United Catcher Boats to facilitate intercoop communications and negotiations. Communications between coop managers, Sea State and the intercoop manager were paramount to the success of fleet-wide measures aimed at reducing prohibited species bycatch in both the pollock and cod fisheries.

For example, using information available on the Sea State web site, the coop members were able to determine general trends in fleet bycatch by time and area. Halibut mortality rates were established by Sea State based on in season observer data. Weekly rates were available to coops by area and in aggregate. Overall fleet directed and bycatch amounts were monitored to facilitate transfers, cap utilization and bycatch reduction.

Another example involves coop members' efforts to manage salmon bycatch. During the season Salmon catch rates were reported daily by vessel and area to the intercoop manager. Data from all coops was correlated and results were sent to coop managers and vessel

captains. Fleets were then able to avoid the largest concentrations of Salmon and reduce bycatch rates.

### **i. Sea Lion RPAs**

Through the Intercoop Agreement, the coops agreed to limit their aggregate annual pollock harvest of its members per season and per area to the percentage of the annual inshore pollock directed fishing allowance. During the A season agreements were made to allow vessels under 99' to fish unrestricted inside the SCA.

### **ii. Penalties**

The nine CV coops agreed to establish a penalty clause in the Intercoop Agreement in order to create over harvest disincentives. The penalty for an Inshore Coop member exceeding its pollock allocation amount for area or season is \$500/mt for the pollock "A" season and \$300/mt for the B season. For exceeding a BS, AI and GOA P. cod sideboard allocation, the penalty amount is \$1,000/mt. For exceeding all other groundfish sideboard species, the penalty amount is \$300/mt. For this past year Sea State Inc. determined that none of our coop members exceeded their harvest allocations for either directed AFA pollock or sideboard species. Thus there were no penalties assessed.

### **iii. Transfers**

The Intercoop Agreement allows for the facilitation of transfers of pollock allocation and Sideboard limits among members. Upon verification of available cap by Sea State and the approval of transfer by the intercoop manager, sideboard caps of directed and prohibited species were transferred between coops. By allowing transfers, coops managed fleets to improve utilization of target species, reduce bycatch and provide a mechanism by which coops could manage their fleets to comply with the intercoop agreement. The total number of non exempt vessels participating in the P. Cod fishery was also monitored to ensure minimum impact on non AFA vessels.

### **iv. Salmon Management Plan**

In cooperation with the Catcher Processor sector, the intercooperative agreement included a plan to reduce Salmon bycatch in the Bering Sea. Closures were based on Chinook rates in the A season and Chum rates in the B season. Each vessel reported bycatch numbers on a per haul basis to Sea State Inc daily via satellite communication. Bycatch rates were developed for each ADF&G statistical area weekly and coops ranked based on their aggregate vessel performance for a two week rolling window. The Bering Sea was divided into two zones. The area with the highest bycatch rate in each zone was closed to coops based on their rank. In the A season, Tier I coops, with cumulative Chinook rates 25% below the average rate in a two week window, determined in fish/MT, were able to fish in closed areas. Tier II vessels (25% below average to 15% above average) were unable to fish in a

closed area for 4 days. Tier III vessels (those with rates more than 25% greater than the average) were unable to fish in a closed area for 7 days. Initially the an area determined to have a history of high Chinook abundance, along the northern edge of the “horseshoe” near Unimak Pass was closed to all vessels regardless of tier status. The remainder of the closure areas were recalculated every Monday and Thursday for closure on Tuesday and Friday. Tier rates were calculated every Thursday for implementation from Friday through Friday. A season tier status was based on Chinook rates while B season Tiers were based on Chum rates. During the B season, areas identified with high Chinook rates were closed to all vessels regardless of their tier status. These closures were called “core” closures. Vessels were required to send out incident reports notifying the entire fleet of any areas with high Salmon concentrations. In addition to the core closures for Chinook, an area established to have historical high rates of Chinook during the A season was closed to all vessels beginning January 20<sup>th</sup>. All coop members were required to authorize Sea State, the monitoring agent, access to their VMS information in order to monitor compliance with closure areas and to develop areas with high salmon concentrations. A penalty clause was added to the ICA agreement.

Savings closure penalties (annual)

- i. 1<sup>st</sup> violation - \$10,000.00
- ii. 2<sup>nd</sup> violation - \$15,000.00
- iii. 3<sup>rd</sup> and subsequent violations - \$20,000.00
- iv. These assessments are liquidated damages

Each vessel was also required to submit reports for each tow with information on tow size, depth, position and number of salmon seen. Coop managers were required to notify the Intercoop manager and Sea State of all deliveries made by vessels contracted under amendment 69. Salmon harvested under amendment 69 rules were accounted to the contracting coop and were included in the calculation of tier levels and therefore closures. None of the Unalaska Fleet Coop vessels were in violation of closure areas.

More information on the rolling hot spot closure and vessel performance may be found in a report by the Intercooperative Manager and by SeaState Inc. A copy of this report may be found as an addendum to this document.

## D. UNALASKA FLEET COOPERATIVE 2012 BERING SEA – DIRECTED COD FISHERY - CATCH AND BYCATCH

Vessel	Status	Landed Cod RWE	Total Groundfish Catch	Halibut Mortality	Chinook N	Other Salmon N	Red King crab N	Bairdi N	Other Tanner N	Herring Wt
MESSIAH	exempt	0	0	0	0	0	0	0	0	0
TOTAL	non - exempt	0	0	0	0	0	0	0	0	0
TOTAL	exempt	0	0	0	0	0	0	0	0	0
FLEET TOTAL		0	0	0	0	0	0	0	0	0

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In accordance with regulations set forth to protect non Pollock fisheries as a result of AFA management strategies, catch limits based on historical participation by AFA qualified boats were included in the 2010 TAC distributions. These sideboard caps were based on historical fleet catches during the 1995 – 1997 fisheries in the Bering Sea and the Gulf of Alaska. In recognition of traditional fishing plans of some Bering Sea Cod vessels, further regulations were implemented to exempt “catcher vessels less than 125ft LOA whose annual BSAI pollock landings averaged less than 1,700 MT and that made 30 or more landings of BSAI Pacific Cod during that time period,” from sideboard caps. Additionally, in recognition of traditional fishing plans and histories, mothership qualified vessels were also exempt after March 1<sup>st</sup>. The Messiah (less than 1,700 MT) the Western Dawn and the Vanguard (mothership vessels,) qualify under these regulations. Mothership vessel Pacific Cod catches will be included in reports filed by the mothership cooperative. By agreement all coops limited the number of exempt vessels from the Cod fishing grounds during for the duration of the A season Pollock fishery. In 2012 none of the Unalaska Fleet Coop vessels participated in the directed P. Cod fishery..

## E. UNALASKA FLEET COOPERATIVE 2012 GULF OF ALASKA DIRECTED POLLOCK CATCH AND BYCATCH

<b>Vessel</b>	<b>610 Pollock Landed RWE</b>	<b>620 Pollock Landed RWE</b>	<b>630 Pollock Landed RWE</b>	<b>640 Pollock Landed RWE</b>	<b>Total Groundfish Weight</b>	<b>Halibut Bycatch MT</b>	<b>Chinook #</b>	<b>Other Salmon #</b>	<b>Red King crab #</b>	<b>Bairdi #</b>	<b>Other Tanner #</b>	<b>Herring Wt</b>
<b>PROGRESS</b>		846.71			860.26	0	29	2				
<b>VANGUARD</b>		532.45			546.00	0	145	2	0	0	0	0
<b>PROGRESS</b>			507.86		512.51	0	92	1	0	0	0	0
<b>VANGUARD</b>			794.15		806.79	0.12	227	1	0	0	0	0
<b>PROGRESS</b>				9.72	31.04	0	0	0	0	0	0	0
<b>TTL 610</b>	<b>0</b>					<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TTL 620</b>		<b>1,379.16</b>			<b>1068.72</b>	<b>0</b>	<b>174</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TTL 630</b>			<b>1302.01</b>		<b>870.82</b>	<b>0.12</b>	<b>319</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TTL 640</b>				<b>9.72</b>	<b>31.04</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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Members of the Unalaska Cooperative have traditionally participated in Pollock fisheries in both the Central and Western Gulf of Alaska. In compliance with AFA regulations and Inter co- operative agreements, catches for 2012 were limited to historic percentages of AFA sideboards as calculated by Sea State Inc. Additionally, participation was limited to vessels meeting criteria set by council and NMFS. Only vessels without any Bering Sea Pollock landings were allowed to participate in the Western GOA area 610 Pollock fishery. Vessels under 125 ft were qualified to fish in the Central GOA areas 620 and 630 after a 3 day stand down as required by regulation. Central Gulf participation was further restricted, by in season cooperative management, to those vessels with specific Central Gulf history. Values above represent harvest in directed fisheries. No tender operations were used in any GOA fishery, all deliveries were made directly to shore plants in Kodiak and Dutch Harbor. Sideboard caps were transferred into our coop for areas 620, 630, 640 and out of our coop for area 610. Numbers represent actual catch in directed fisheries as per ADF&G fish tickets.

## F. UNALASKA FLEET COOPERATIVE 2012 CENTRAL GULF OF ALASKA – PACIFIC COD – DIRECTED FISHERY CATCH AND BYCATCH

<b>Vessel</b>	<b>P. Cod Landed RWE</b>	<b>Total Groundfish Weight</b>	<b>Halibut Bycatch N</b>	<b>Chinook N</b>	<b>Other Salmon N</b>	<b>Red King crab N</b>	<b>Bairdi N</b>	<b>Other Tanner N</b>	<b>Herring Wt</b>
<b>PROGRESS</b>	87.12	97.51	141	0	0	0	0	0	0
<b>VANGUARD</b>	70.65	93.10	141	9	0	0	0	0	0
<b>TOTAL</b>	<b>157.77</b>	<b>190.61</b>	<b>281</b>	<b>9</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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This table represents hauls with target Pacific Cod in the Central Gulf of Alaska. Both the Vanguard and Progress participated in the directed Cod fishery. Values above represent harvest landed in a directed fishery only. These numbers are derived from fish tickets representing actual landings.

## G. UNALASKA FLEET COOPERATIVE 2012 GULF OF ALASKA – SHALLOW WATER FLATFISH– DIRECTED FISHERY

<b>Vessel</b>	<b>Eastern GOA SWF Landed GWE</b>	<b>Central GOA SWF Landed RWE</b>	<b>Western GOA SWF Landed RWE</b>	<b>Total Groundfish Weight</b>	<b>Halibut Bycatch MT</b>	<b>Chinook N</b>	<b>Other Salmon N</b>	<b>Red King Crab N</b>	<b>Bairdi N</b>	<b>Other Tanner N</b>	<b>Herring Wt</b>
<b>Vanguard</b>		116.65		260.04	0.15	30	0	0	0	0	0
<b>TOTAL</b>		<b>116.65</b>		<b>260.04</b>	<b>0.15</b>	<b>30</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

One member of the Unalaska Fleet Coop participated in the directed fishery for Shallow Water Flatfish in the Gulf of Alaska. In agreement with NMFS in season managers and the intercoop manager, the fishery was opened under strict voluntary registration measures. Values above represent harvest in a directed fishery only and are derived from actual fish ticket landings.

## H. UNALASKA FLEET COOPERATIVE 2011 GULF OF ALASKA – REX SOLE – DIRECTED FISHERY

<b>Vessel</b>	<b>Eastern GOA RS Landed GWE</b>	<b>Central GOA RS Landed RWE</b>	<b>Western GOA RS Landed RWE</b>	<b>Total Groundfish Weight</b>	<b>Halibut Bycatch N</b>	<b>Chinook N</b>	<b>Other Salmon N</b>	<b>Red King Crab N</b>	<b>Bairdi N</b>	<b>Other Tanner N</b>	<b>Herring Wt</b>
<b>Vanguard</b>		0		0	0	0	0	0	0	0	0
<b>TOTAL</b>		0		0	0	0	0	0	0	0	0

None of the Unalaska Fleet Coop members participated in the directed fishery for Rex Sole in the Gulf of Alaska. In agreement with NMFS in season managers and the intercoop manager, the fishery was opened under strict voluntary registration measures. Values above represent harvest in a directed fishery only and are derived from actual fish ticket landings.



# **I. UNALASKA FLEET COOPERATIVE 2012 GULF OF ALASKA – ALL SPECIES CATCH**

	<b>PROGRESS</b>	<b>VANGUARD</b>	<b>TOTAL</b>
<b>POLLOCK 610</b>	0	0	<b>0.00</b>
<b>POLLOCK 620</b>	846.71	545.29	<b>1391.99</b>
<b>POLLOCK 630</b>	508.06	809.98	<b>1318.04</b>
<b>POLLOCK 640</b>	9.72	-	<b>9.72</b>
<b>CGOA P. COD</b>	88.50	114.26	<b>202.76</b>
<b>CGOA SHALLOW WATER FLATFISH</b>	9.61	119.13	<b>128.74</b>
<b>CGOA DEEP WATER FLATFISH</b>	0	0.24	<b>0.24</b>
<b>REX SOLE</b>	0.16	5.19	<b>5.35</b>
<b>POP</b>	15.88	0.65	<b>16.53</b>
<b>NORTHERN ROCKFISH</b>	0	0.21	<b>0.21</b>
<b>THORNYHEAD</b>	0	0.61	<b>0.61</b>
<b>BLACKCOD</b>	0	0.14	<b>0.14</b>
<b>ARROWTOOTH</b>	8.41	53.00	<b>61.41</b>
<b>FLATHEAD</b>	1.04	12.22	<b>13.27</b>
<b>BIG SKATE</b>	0	27.66	<b>27.66</b>
<b>SKATE</b>	-	7.89	<b>7.89</b>
<b>OTHER GROUND FISH</b>	12.89	11.48	<b>24.37</b>
<b>TTL GROUND FISH</b>	<b>1501.30</b>	<b>1705.65</b>	<b>3206.95</b>

This table is derived from actual fish ticket landings and includes totals of species harvested in all fisheries in the Gulf of Alaska.

## **APPENDIX:**

**UNALASKA FLEET COOPERATIVE MEMBERSHIP  
AGREEMENT**

**INTERCOOPERATIVE AMENDMENT 91 SALMON IPA  
AGREEMENT**

## UNALASKA FLEET COOPERATIVE AMENDED AND RESTATED MEMBERSHIP AGREEMENT

This AMENDED AND RESTATED MEMBERSHIP AGREEMENT is entered into as of November 29, 2011 by and among the entities and vessels listed on Exhibit A hereto, and any other members admitted pursuant to this Agreement (together, the "Members") and UNALASKA FLEET COOPERATIVE, a Washington nonprofit corporation (the "Cooperative" or "Unalaska").

### *RECITALS*

A. The American Fisheries Act (Div. C, Title 11 of Public Law 105-277) (as amended from time to time, the "Act" or "AFA") allocates the annual quota for the Bering Sea and Aleutian Islands ("BS/AI") pollock fisheries among three harvesting sectors and defines the classes of vessels eligible to harvest within each sector. Under Sections 206(b) and 208(e) of the Act, 50% of the Bering Sea pollock resource (net of a 10% allocation to the Community Development Quota program, and net of certain amounts reserved for incidental catch in non-pollock fisheries) is allocated to catcher vessels harvesting pollock for processing by the "inshore component."

B. As of the effective date of this Agreement, the Members own eighty percent (80%) or more of the vessels qualified under Section 210(b)(1) of the Act (the "Vessels") to participate in a fishery cooperative delivering pollock to the Alyeska Seafood, Inc. ("Alyeska") plant in Unalaska, Alaska (the "Plant").

C. The Cooperative has been formed for the purposes of (i) obtaining an allocation of BS/AI pollock pursuant to Section 210(b) of the Act (the "Allocation"); (ii) sub-allocating that aggregate allocation among the Cooperative's Members in proportion to their catch histories pursuant to the Cooperative's Membership Agreement; and (iii) entering into a harvesting arrangement under which each Member receives the right to harvest a certain percentage of the Allocation for delivery to the Plant.

Now, therefore, the parties agree as follows:

1. Cooperative Allocation. Each Member agrees to exercise all commercially reasonable efforts to obtain the Allocation. To that end, each Member agrees that, other than as provided in Section 210(b)(6) of the Act and Section 11 of this Agreement, each Member shall deliver pollock harvested in the BS/AI inshore directed pollock fishery only to the Plant unless and until such Member withdraws from the Cooperative.

2. Voluntary Participation. The Members hereby agree that a qualified Vessel owner shall be entitled to become a Member of the Cooperative on the terms and conditions set forth herein upon (i) making an application to the Board of Directors of the Cooperative demonstrating that it meets the eligibility criteria set forth in this Agreement and the Bylaws; and (ii) executing a counterpart of the Cooperative Membership Agreement then in effect.

Unless all Members agree otherwise, such allocations shall be in direct proportion to the contribution to the Cooperative's sideboard caps of such species made as a result of such Member's catch history. The provisions of Section 5 shall apply to any Member's failure to comply with such allocation.

The Board shall base its calculations on the best data available as in establishing the pollock Harvest Schedule percentages, but it shall be each Member's responsibility to provide this information and if Member fails to do so, the Board shall be entitled to presume that Member is not entitled to a share of any cap for which Member fails to provide reliable catch history information. Absent manifest error, NMFS data shall be presumed accurate. The provisions of Section 5 shall apply to any Member's failure to comply with such allocation.

The Members acknowledge that one or more Members may be eligible to participate in both the Cooperative and the mothership sector of the BS/AI pollock fishery. The Members further acknowledge that notwithstanding a Member's participation in more than one BS/AI fishery sector or cooperative, the extent of such Member's eligibility to participate in non-pollock groundfish fisheries may be subject to an aggregate limit based on its catch history in such fisheries. Each Member agrees to take all actions necessary to insure that the Cooperative is not disadvantaged by a Member's participation in the mothership sector. Specifically, each Member that participates in that sector or a cooperative other than the Cooperative shall take all actions necessary to allocate to the Cooperative the amounts of non-pollock groundfish and prohibited species catch ("PSC") adequate to permit the Cooperative's other Members to conduct their directed fishing operations without impairment as the result of such Member's participation. A Member who allocates to the Cooperative the amounts of non-pollock ground fish and PSC associated with that Member's participation in the BS/AI inshore directed pollock fishery in 1995, 1996 and 1997 shall be deemed to have satisfied this provision.

c. Management Measures. Other than as provided by NMFS regulations, each Member's allocation of pollock and other groundfish species shall be subject to all management measures generally applicable to the inshore sector directed pollock fishing allowance allocation and harvest of non-pollock groundfish by catcher vessels participating in shoreplant cooperatives (including but not limited to Steller sea lion seasonal apportionments and area harvest restrictions) on a discrete, individual basis; i.e., each Member shall be restricted to harvesting no greater percentage of such Member's allocation in any season or area than the aggregate percentage of the Allocation permitted to be harvested in such season or area. Each Member shall have the individual authority to carry over from season to season a percentage of that Member's seasonal apportionment for each species no greater than the carry-over percentage generally applicable to the Allocation.

The Members acknowledge that the Council has recommended that (i) vessels equal to or less than 99 feet in length overall be exempted from exclusion from the Catcher Vessel Operational Area, and (ii) certain Vessels be exempted from certain Groundfish Sideboards. Each Member's obligations under this Agreement shall be amended to give effect to these exemptions to the extent each Member is entitled to the benefit thereof; provided that, notwithstanding the provisions of 50 C.F.R. 679.64, no Member's Vessel shall be exempt from the Gulf Groundfish Sideboards in any given year if during that year other vessels are permitted to harvest any portion of the exempt Member's aggregate BS/AI pollock allocation made under this Agreement for such year in connection with such Vessel's catch history, unless and until the Council specifically recommends otherwise. (The

taking effect, transfers in compliance with this provision shall amend and supersede the transferee Member's obligations under Sections 3.a and 3.c, above.

h. Amendment 69 to the Fishery Management Plan for the Groundfish Fishery of the BS/AI. Subject to the conditions specified hereafter, each Member shall have the right to contract with one or more vessels that are members of another inshore cooperative to harvest such Unalaska Member's Bering Sea Harvest Schedule percentage for each Member vessel.

(i) The Unalaska Member and the owner of the non-Unalaska vessel being contracted shall be jointly and severally liable to the Cooperative and the other Members to at all times be in full compliance with this Agreement, as the same may be amended from time to time, as well as applicable fishery regulations. The contract documents authorizing the non-Unalaska vessel to harvest Cooperative fish shall so provide.

(ii) The delivery of a Member's Harvest Schedule percentage of pollock by a non-Unalaska vessel shall be consistent with the currently adopted Fishing Plan and shall only be permitted when Member's vessel will not be delivering Unalaska pollock. The non-Unalaska vessel or vessels with whom the Member has contracted shall not deliver more pollock in any one rotation schedule than 50 metric tons more than the capacity of the Member vessel being replaced by the contracted vessel or vessels, except at such time as the actual processing capacity of Alyeska exceeds the harvesting capacity of the Unalaska fleet then actively fishing. At no time shall the utilization of non-Unalaska vessels be permitted to impact the delivery opportunity of the other Members in a manner that would be significantly different from the impacts of the Member vessel being replaced.

(iii) A Member desiring to take advantage of the provisions of this amendment and applicable regulations shall be required to prepare and submit the required Contract Fishing Application to the Alaska Region, NMFS, in accordance with the Contract Fishing Application regulations and shall take all action necessary to be in full compliance with applicable regulations as well as procedures of the Intercoop prior to the non-Unalaska vessel's first delivery of Cooperative pollock. The Unalaska president or vice president is authorized to execute the Contract Fishing Application on behalf of Unalaska at the request of a Member.

4. Catch Monitoring. To enable each Member and the Cooperative to monitor other Members' compliance with the Act and this Agreement, each Member hereby agrees to carry the number and type of NMFS-certified observers required by law aboard each of its Vessels participating in the BS/AI and Gulf fisheries during the term of this Agreement, and to report each Vessel's catch on a delivery-by-delivery basis to both the NMFS Observer Program and the Monitoring Service (regardless of whether such catch is delivered to the Plant). Each Member agrees that absent manifest error, the catch data produced for the Cooperative by the Monitoring Service shall be presumed accurate, and that each Member's obligations under this Agreement and all related documents may be enforced to their fullest extent on the basis of such data.

5. Allocation Enforcement. Each Member acknowledges and agrees that the benefits associated with this Membership Agreement will only accrue to the Members if each of them strictly complies with the Harvest Schedule and the non-pollock groundfish allocations and PSC limits determined in accordance with Section 3, above. Each Member acknowledges that all

e. Voluntary Compliance. The Members and the Cooperative agree that upon the Cooperative's Board of Directors determining that a Member has overharvested any of its allocations, the Cooperative shall not enforce its rights without first providing the overharvesting Member with fifteen (15) days advance notice of its intent to exercise its rights of collection, during which period the Member may request reconsideration of the enforcement action or may propose an alternative method of compensating the remaining Members and the Cooperative. The Board of Directors may grant or deny any request for reconsideration and may approve or disapprove any alternative form of compensation in their sole discretion, provided that in no case where there has been an overharvest shall the penalty be less than the market value of the overharvest.

f. Enforcement and Damages. Each Member agrees to take all actions and execute all documents necessary or convenient to give effect to the enforcement procedure contemplated under this Section 5. Each Member agrees that the Cooperative shall be entitled to actual damages in addition to the forfeiture amount (to the extent that they exceed the forfeited amount). Each overharvesting Member against whom an enforcement action is brought shall pay all costs, fees and expenses, including attorneys' fees, incurred by the Cooperative in enforcing the provisions of this Section 5. Each Member and the Cooperative hereby waive any claims to actual, direct or consequential or indirect damages, and instead agree that payment of the overharvest forfeiture amount and costs of enforcement shall be their sole damages for an overharvest in breach of this Agreement.

g. Distribution of Proceeds and Damages. All funds forfeited or awarded to Members and or the Cooperative under this provision in excess of the costs of enforcement shall be distributed pro-rata among the parties (including non-Members) who harvested less than their allocation of the relevant species, with each party receiving a fraction of such funds the numerator of which is the amount by which such party's catch (or, in the case of Groundfish Sideboards, opportunity to harvest) of the relevant species was less than such party's allocation or proportion, and the denominator of which is the sum of all parties' catch shortfalls. If the Cooperative is not able to identify a party entitled to a forfeiture payment under this Section, the Cooperative shall retain the related funds in an interest-bearing escrow account until it receives a written demand for payment substantiating the claimant's entitlement to be paid. If the Cooperative fails to timely fulfill its obligations under this Section, this Section shall give rise to a right of legal action on the part of affected non-Member parties who are not compensated in accordance with this Section, in the amount of the forfeiture amount percentage owed to such party and the reasonable costs and fees actually incurred by such party in bringing an action to receive such funds. For purposes of determining the damages to be awarded to a non-Member affected by a Member exceeding a Groundfish Sideboard, the non-Member's Groundfish Sideboard proportion shall be as established under the relevant intercooperative agreement, and if no such agreement is in effect with respect to such party or a fishery cooperative of which it is a member, shall be assumed to be equal to the amount contributed to the relevant sideboard on the basis of such party's catch history, as calculated on the basis of the best available data.

10. Public Interest Research and Publication. The Members acknowledge that the primary purposes of the harvesting arrangement contemplated hereunder are improving their utilization of resources harvested in the BS/AI pollock fisheries, reducing the incidental catch of non-target species, and promoting the adoption and continued support of resource utilization and conservation arrangements such as those contemplated under this Agreement. The Members therefore agree to contribute a per-ton amount determined by the Cooperative Board of Directors from time to time in support of such activities. All research and publication funded by the Cooperative is to be conducted in the public's interest, and the results of all such research shall be made available to the general public at no charge.

11. Distribution of Open Market Percentage. The Members acknowledge that under the Act up to ten percent (10%) of the Allocation may be delivered to any duly qualified BS/AI shoreside pollock processor. The Members and the Cooperative hereby agree that each Member shall have the right to deliver up to ten percent (10%) of such Member's Harvest Schedule percentage to any duly qualified BS/AI shoreside pollock processor(s), on such terms and conditions as the Member or its duly qualified marketing agent and such processor(s) may agree.

12. SSIP Addendum. On November 8, 2010, the Members entered into a Membership Agreement Addendum under which the Members adopted the Inshore Chinook Salmon Savings Incentive Plan (the "SSIP Addendum"). The SSIP Addendum is hereby incorporated into the Membership Agreement, remains in full force and effect, and is attached as Exhibit B hereto.

13. Non-Chinook Addendum. On December 1, 2010, the Cooperative entered into an Amended and Restated Bering Sea Pollock Fishery Rolling Hot Spot Closure Non-Chinook Salmon Bycatch Management Agreement under which the Cooperative agreed to reduce non-Chinook salmon bycatch in the Bering Sea directed pollock fishery (the "Non-Chinook Agreement"). Each Member shall execute a Membership Agreement Addendum attached as Exhibit C hereto (the "Non-Chinook Addendum"), which is hereby incorporated into the Membership Agreement and remains in full force and effect. The Non-Chinook Addendum supersedes that certain Membership Agreement Addendum dated January 15, 2006 concerning participation in the "voluntary rolling hot spot" salmon savings area closure system.

14. Membership Agreement Enforcement. Each Member agrees that the Cooperative and/or any other Member(s) may enforce this Membership Agreement on behalf of the Cooperative and/or any of its Members.

15. Remedies and Attorneys' Fees. In addition to any of the remedies provided in this Agreement, each Member and the Cooperative shall have the right to have any provision of this Agreement specifically enforced through injunction, restraining order or any other form of equitable relief, including but not limited to specific performance. Subject to the provisions of Sections 3 and 5, above, in connection with any legal proceeding related to this Agreement, the non-prevailing party shall pay the prevailing party's reasonable costs and fees associated with the proceeding. For purposes of this Agreement, "legal proceedings" shall include arbitration, administrative, bankruptcy and judicial proceedings, including appeals therefrom.

hereunder without the prior written consent of the other parties hereto, which consent shall not be unreasonably withheld. Such consent may be conditioned upon execution of an adherence agreement by the party to whom such rights are proposed to be assigned. This Agreement shall be binding on the successors and assigns of all parties hereto.

h. This Agreement shall be construed as a whole according to its fair meaning, without a presumption that it shall be more strictly construed against the person who drafted it, as each party has participated in its preparation with the assistance of counsel.

i. In the event that any provision of this Agreement is held to be invalid or unenforceable, such provision shall be deemed to be severed from this Agreement, and such holding shall not affect in any respect whatsoever the validity of the remainder of this Agreement.

j. Each Member agrees to use its best efforts to resolve any disputes arising under this Agreement either through direct negotiations or through any dispute resolution procedures as set out in the Bylaws. Other than disputes related to overharvest of pollock, non-pollock groundfish or PSCs for which the Cooperative or its Members seek an injunction, a restraining order or some other form of equitable relief, all disputes not resolved through direct negotiation and/or dispute resolution will be submitted to arbitration in Seattle, Washington upon the request of any party. The party's written request will include the name of the arbitrator selected by the party requesting arbitration. The other party will have ten (10) days to provide written notice of the name of the arbitrator it has selected, if any. If the other party timely selects a second arbitrator, the two arbitrators will select a third arbitrator within ten (10) days. If the other party does not timely select the second arbitrator, there shall be only the one arbitrator. The single arbitrator or the three (3) arbitrators so selected will schedule the arbitration hearing as soon as possible thereafter. No arbitrator, however chosen, shall have any material ties to any Member or the Cooperative. The decision of the arbitrator (or in the case of a three (3) arbitrator panel, the decision of the majority) will be final and binding. The arbitration will be conducted under the rules of (but not by) the American Arbitration Association. The parties will be entitled to limited discovery as determined by the arbitrator(s) in his/her or their sole discretion. The arbitrator(s) will also determine the "prevailing party" and that party will be entitled to its reasonable costs, fees and expenses, including attorneys' and arbitrator fees, incurred in the action by said party. In no event will arbitration be available pursuant to this Section 16 after the date when commencement of such legal or equitable proceedings based on such claim, dispute, or other matter in question would be barred by the applicable statute of limitations.

Dated as of the date first set forth above.

*Signature Pages Follow*



F/V ALASKA ROSE  
By: Alaska Rose, Alaska LLC  
By: BSAI Partners, LLC Member/Manager

By \_\_\_\_\_  
[Name and Title]

F/V BERING ROSE  
By: Bering Rose, Alaska LLC  
By: BSAI Partners, LLC, Member/Manager

By \_\_\_\_\_  
[Name and Title]

F/V DESTINATION  
By: Destination, Alaska LLC  
By: BSAI Partners, LLC, Member/Manager

By \_\_\_\_\_  
[Name and Title]

F/V GREAT PACIFIC  
By: Great Pacific, Alaska LLC  
By: BSAI Partners, LLC, Member/Manager

By \_\_\_\_\_  
[Name and Title]

F/V LESLIE LEE  
By: F/V Leslie Lee, Inc.  
By: Beel Woodard  
[Name and Title]  
owner / agent

F/V MESSIAH  
By: Ms Amy and Messiah, Alaska LLC  
By: BSAI Partners, LLC, Member/Manager

By \_\_\_\_\_  
[Name and Title]

F/V MS AMY  
By: Ms Amy and Messiah, Alaska LLC  
By: BSAI Partners, LLC, Member/Manager

By \_\_\_\_\_  
[Name and Title]

F/V PROGRESS  
By: F/V Progress Fisheries Partnership

By \_\_\_\_\_  
[Name and Title]

*Signatures Continue on Page 14*

F/V LESLIE LEE  
By: F/V Leslie Lee, Inc.

By \_\_\_\_\_  
[Name and Title]

F/V MESSIAH  
By: Ms Amy and Messiah, Alaska LLC  
By: BSAI Partners, LLC, Member/Manager

By \_\_\_\_\_  
[Name and Title]

F/V MS AMY  
By: Ms Amy and Messiah, Alaska LLC  
By: BSAI Partners, LLC, Member/Manager

By \_\_\_\_\_  
[Name and Title]

F/V PROGRESS  
By: F/V Progress Fisheries Partnership  
By: Vern Hall, Managing Partner  
[Name and Title]

*Signatures Continue on Page 14*

12

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F/V SEA WOLF  
By: Sea Wolf, Alaska LLC  
By: BSAI Partners, LLC, Member/Manager

By \_\_\_\_\_  
[Name and Title]

F/V VANGUARD  
By: Vanguard Partnership  
By: Vern Hall, Managing Partner  
[Name and Title]

F/V WESTERN DAWN  
By: F/V Western Dawn L.L.C.

By \_\_\_\_\_  
[Name and Title]

UNALASKA FLEET COOPERATIVE

By \_\_\_\_\_  
Kenneth Tippet, President

F/V SEA WOLF  
By: Sea Wolf, Alaska LLC  
By: BSAI Partners, LLC, Member/Manager

By *Paul L. Tremain, Pres.*  
[Name and Title]

F/V VANGUARD  
By: Vanguard Partnership

By \_\_\_\_\_  
[Name and Title]

F/V WESTERN DAWN  
By: F/V Western Dawn L.L.C.

By *Ken Mc...*  
[Name and Title]  
*Manager*

UNALASKA FLEET COOPERATIVE

By *[Signature]*  
Kenneth Tippet, President

Exhibit B

UNALASKA FLEET COOPERATIVE  
MEMBERSHIP AGREEMENT ADDENDUM

This MEMBERSHIP AGREEMENT ADDENDUM is entered into by and among the members of UNALASKA FLEET COOPERATIVE as reflected on the signature page(s) attached hereto (each, "Member," together, the "Members") and UNALASKA FLEET COOPERATIVE (the "Cooperative") as of November 8, 2010, with reference to the following facts:

RECITALS

A. The North Pacific Fishery Management Council has adopted Amendment 91 to the Fishery Management Plan for Groundfish of the Bering Sea and Aleutian Islands Management Area ("Amendment 91"). Under Amendment 91, Community Development Quota ("CDQ") organizations and individuals or entities that own a vessel that is permitted under the American Fisheries Act to harvest pollock in the Bering Sea directed pollock fishery may enter into any "incentive plan agreement" ("IPA") approved by the National Marine Fisheries Service ("NMFS") that implements incentives for the operator of each vessel participating in the IPA to avoid Chinook salmon bycatch under any conditions of pollock and Chinook salmon abundance in all years. The representative of an inshore cooperative may sign an IPA on behalf of all vessels that are members of that inshore cooperative.

B. In response to Amendment 91, the Cooperative and five other catcher vessel pollock harvesting cooperatives (together, the "Cooperatives") and two inshore open access vessels entered into an IPA denominated as the "Inshore Chinook Salmon Savings Incentive Plan Agreement" as of September 29, 2010 (the "Inshore SSIP Agreement"). The Cooperatives entered into the Inshore SSIP Agreement on behalf of the vessel owners and vessels that are their members.

To give effect to the Inshore SSIP Agreement, the Members of the Cooperative agree as follows:

AGREEMENT

1. Effect of the Inshore SSIP Agreement. Each Member acknowledges that it has received a copy of the Inshore SSIP Agreement, a copy of which is attached hereto as Exhibit A, is familiar with its terms, and agrees that it is bound by and subject to such terms. Each Member further acknowledges and agrees that the operations of its vessel(s) are governed by and subject to the Inshore SSIP Agreement. Each Member agrees to cause such Member's vessel(s) to comply with the terms and conditions of the Inshore SSIP Agreement, as they may apply

to such Member as a member of the Cooperative or to such Member directly. Each Member agrees that this Membership Agreement Addendum and the Membership Agreement, as amended, shall be construed together to give the full effect of the Agreement full force and effect in accordance with its terms.

12. Implementation of the Inshore SSIP Agreement Each Member acknowledges that the Cooperative must take certain actions from time to time to give effect to the Inshore SSIP and hereby authorizes the Cooperative's Board of Directors to take all such actions and execute all such documents that the Cooperative's Board of Directors reasonably deems necessary for such purposes.

Entered into as of the date first set forth above.

ALASKA BOAT COMPANY  
BOAT COMPANY LP  
BOAT COMPANY LP  
BOAT COMPANY LP  
BOAT COMPANY LP (SEA WOLF)  
BOAT COMPANY LP (MISSISSAUGA)

PROGRESS PARTNERSHIP

VANGUARD LP

WESTERN DAWN LC

DESTINATION LP

LESLIE LEE LP

Exhibit C

**UNALASKA FLEET COOPERATIVE  
MEMBERSHIP AGREEMENT ADDENDUM**

This MEMBERSHIP AGREEMENT ADDENDUM is entered into by and among the members of UNALASKA FLEET COOPERATIVE as reflected on the signature pages attached hereto (each, "Member," together, the "Members") and UNALASKA FLEET COOPERATIVE (the "Cooperative") as of November \_\_\_\_, 2011, with reference to the following facts:

**RECITALS**

A. Western Alaskans have expressed conservation and allocation concerns regarding the incidental catch of non-Chinook salmon in the Bering Sea pollock fishery.

B. In response to such concerns, the Cooperative and other Bering Sea pollock harvesting cooperatives (together, the "Cooperatives") and other parties entered into that certain "Amended and Restated Bering Sea Pollock Fishery Rolling Hot Spot Closure Non-Chinook Salmon Bycatch Management Agreement" as of December 1, 2010 (the "Non-Chinook Rolling Hot Spot Agreement"). The Cooperatives entered into the Non-Chinook Rolling Hot Spot Agreement on behalf of their members.

To give effect to the Non-Chinook Rolling Hot Spot Agreement, the Members of the Cooperative agree as follows:

**AGREEMENT**

1. Effect of the Non-Chinook Rolling Hot Spot Agreement. Each Member acknowledges that it has received a copy of the Non-Chinook Rolling Hot Spot Agreement, a copy of which is attached hereto as Exhibit A, is familiar with its terms, and agrees that it is bound by and subject to such terms. Each Member further acknowledges and agrees that the operations of its vessel(s) are governed by and subject to the Non-Chinook Rolling Hot Spot Agreement. Each Member agrees to cause such Member's vessel(s) to comply with the terms and conditions of the Non-Chinook Rolling Hot Spot Agreement, as they may apply to such Member as a member of the Cooperative or to such Member directly. Each Member agrees that this Membership Agreement Addendum and the Membership Agreement, as amended, shall be construed together to give the Non-Chinook Rolling Hot Spot Agreement full force and effect in accordance with its terms.

**F/V MS AMY**

By: Ms Amy and Messiah, Alaska LLC  
By: BSAI Partners, LLC, Member/Manager

By \_\_\_\_\_  
[Name and Title]

**F/V PROGRESS**

By: F/V Progress Fisheries Partnership

By \_\_\_\_\_  
[Name and Title]

**F/V SEA WOLF**

By: Sea Wolf, Alaska LLC  
By: BSAI Partners, LLC, Member/Manager

By \_\_\_\_\_  
[Name and Title]

**F/V VANGUARD**

By: Vanguard Partnership

By \_\_\_\_\_  
[Name and Title]

**F/V WESTERN DAWN**

By: F/V Western Dawn L.L.C.

By \_\_\_\_\_  
[Name and Title]

**UNALASKA FLEET COOPERATIVE**

By \_\_\_\_\_  
Kenneth Tippet, President

**EXHIBIT D**

**UNALASKA FLEET COOPERATIVE**

**MEMBERS AND CONTACTS AS OF NOVEMBER 29, 2011**

<i>Member</i>	<i>Vessel(s)</i>	<i>Board Member/Contact</i>
Alaska Rose, Alaska LLC	ALASKA ROSE O.N. 610984	Jeff Hiatt Alaska Boat Company, LLC P.O. Box 31091 Seattle, WA 99103-1091 <a href="mailto:JeffH@alaskaboatcompany.com">JeffH@alaskaboatcompany.com</a>
Bering Rose, Alaska LLC	BERING ROSE O.N. 624325	Dick Tremaine Siu Alaska Corporation 420 L Street, Suite 310 Anchorage, AK 99501 <a href="mailto:rtremaine@sialaska.com">rtremaine@sialaska.com</a>
Destination, Alaska LLC	DESTINATION O.N. 571879	Rich Monroe Coastal Villages Region Fund 711 H Street Anchorage, AK 99501 <a href="mailto:richard_m@coastalvillages.org">richard_m@coastalvillages.org</a>
Great Pacific, Alaska LLC	GREAT PACIFIC O.N. 608458	Ken Tippet Alaska Boat Company, LLC P.O. Box 31091 Seattle, WA 99103-1091 <a href="mailto:KTippet@alaskaboatcompany.com">KTippet@alaskaboatcompany.com</a>
F/V Leslie Lee, Inc.	LESLIE LEE O.N. 584873	Lee Woodward F/V Leslie Lee, Inc. P.O. Box 2276 Newport, OR 97365 <a href="mailto:rscamaro572@gmail.com">rscamaro572@gmail.com</a>
Ms Amy and Messiah, Alaska LLC	MESSIAH O.N. 610150	Trevor McCabe Coastal Villages Region Fund 711 H Street Anchorage, AK 99501 <a href="mailto:trevor_m@coastalvillages.org">trevor_m@coastalvillages.org</a>
Ms Amy and Messiah, Alaska LLC	MS AMY O.N. 920936	LeAnn Chan Alaska Boat Company, LLC P.O. Box 31091 Seattle, WA 99103-1091 <a href="mailto:LeAnnC@alaskaboatcompany.com">LeAnnC@alaskaboatcompany.com</a>





**UNITED STATES DEPARTMENT OF COMMERCE**  
**National Oceanic and Atmospheric Administration**  
*National Marine Fisheries Service*  
P.O. Box 21668  
Juneau, Alaska 99802-1668

November 5, 2010

John Gruver  
United Catcher Boats  
4005 20th Avenue, West, Suite 116  
Seattle, Washington 98199

Re: Approval of the Inshore Chinook Salmon Savings Incentive Plan Agreement

Dear Mr. Gruver:

We have reviewed the Inshore Chinook Salmon Savings Incentive Plan Agreement (IPA) submitted on October 1, 2010, under regulations governing the management of Chinook salmon bycatch in the Bering Sea pollock fishery. I have made the following determinations about the proposed IPA:

- A completed application was submitted in compliance with § 679.21(f)(12)(iii)(A) and was received by the deadline of October 1, 2010.
- The IPA complies with the minimum participation requirements in § 679.21(f)(12)(i)(A) because participants in the IPA represent all catcher vessels permitted to harvest pollock for processing by American Fisheries Act (AFA) inshore processors, and these vessels collectively represent more than 9 percent of the pollock quota as defined under § 679.21(f)(12)(i)(A).
- The IPA complies with the minimum participation requirements in § 679.21(f)(12)(i)(B) because the participants collectively represent two or more corporations, partnerships, or individuals who own AFA permitted vessels and are not affiliated, as affiliation is defined for purposes of AFA entities in § 679.2.
- The IPA contains the information required in § 679.21(f)(12)(iii)(B), including a written description of the incentive measures required in § 679.21(f)(12)(iii)(B)(3).

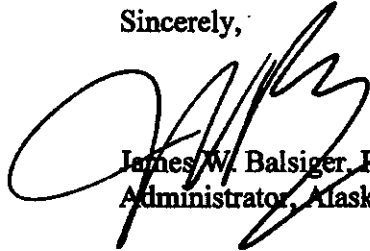
Based on these findings, I approve the Inshore Chinook Salmon Savings Incentive Plan Agreement as it is described in your letter dated September 30, 2010, and submitted on October 1, 2010. This IPA is effective on January 1, 2011, and does not have an expiration date. We have assigned this IPA the identification number 1. A copy of this IPA is posted on the NMFS Alaska Region website at [alaskafisheries.noaa.gov](http://alaskafisheries.noaa.gov). The representatives of each inshore cooperative will receive a separate letter from NMFS providing additional information about online access to their Chinook salmon PSC allocation account to check account balances and to make transfers.



In addition, we recognize the corrections that you recommended in your September 30, 2010, letter to inform us about two catcher vessels listed on Table 47c to part 679. We will revise this table through rulemaking as soon as practicable. In the meantime, we recognize the F/V *Gladiator* (AFA permit # 1318) and the F/V *Morning Star* (AFA permit #6204) as eligible AFA vessels and participants in the Inshore Chinook Salmon Savings Incentive Plan Agreement.

If you have questions about approval of the IPA, please contact Sally Bibb at (907) 586-7389 or [sally.bibb@noaa.gov](mailto:sally.bibb@noaa.gov), or Gretchen Harrington at (907)-586-7445 or [gretchen.harrington@noaa.gov](mailto:gretchen.harrington@noaa.gov). If you have questions about the management of the Chinook salmon PSC allocations, please contact Josh Keaton at (907) 586-7519 or [josh.keaton@noaa.gov](mailto:josh.keaton@noaa.gov), or Mary Furuness at (907) 586-7447 or [mary.furuness@noaa.gov](mailto:mary.furuness@noaa.gov).

Sincerely,



James W. Balsiger, Ph.D.  
Administrator, Alaska Region

**UNALASKA FLEET COOPERATIVE**  
**MEMBERSHIP AGREEMENT VRHS ADDENDUM**

This MEMBERSHIP AGREEMENT ADDENDUM is entered into by and among the members of the Unalaska Fleet Cooperative as reflected on the signature page(s) attached hereto (the "Members") and the Unalaska Fleet Cooperative (the "Cooperative") as of January 15, 2006, with reference to the following facts:

**RECITALS**

A. The Members employ fishing vessels in the Bering Sea ("BS") directed pollock fishery (the "Fishery") and may from time to time harvest Bering Sea Community Development Quota ("CDQ") pollock as well. The Members' vessels catch salmon incidentally in connection with their pollock fishing activity. The incidental catch of salmon in the Fishery is a matter of concern for Western Alaskans, who depend on salmon for subsistence and commercial fishing income.

B. In response to Western Alaskan's concerns regarding salmon bycatch in the Fishery, in 1995 (chum salmon) and in 2000 (Chinook salmon) the North Pacific Fishery Management Council (the "Council") adopted and the National Marine Fisheries Service ("NMFS") implemented certain regulatory Chinook and chum salmon savings areas (the "Salmon Savings Areas"), which are closed to pollock fishing for specific periods of time and/or upon salmon bycatch in the Fishery reaching certain regulatory trigger amounts.

C. In further response to Western Alaskan's concerns and in response to the Council's adoption of regulatory Salmon Savings Areas, in 2001 the Pollock Conservation Cooperative and the nine catcher vessel pollock harvesting cooperatives, being all of the BS pollock harvesting cooperatives (together, the "Cooperatives") implemented a "voluntary rolling hot spot" (or "VRHS") salmon savings area closure system, under which certain areas with elevated salmon bycatch rates are closed to fishing by certain Cooperatives for certain periods of time through an inter-cooperative contract. The most current version of such inter-cooperative contract is the "Salmon Bycatch Management Agreement for the 2006-2008 Bering Sea Pollock Fishery", entered into by and among the Cooperatives and certain third parties as of January 15, 2006 (the "Agreement").

D. At the time they were adopted, the regulatory Salmon Savings Areas were locations where the Fishery had historically experienced elevated salmon bycatch rates. However, in recent years, salmon bycatch patterns have changed, and salmon bycatch rates in the Salmon Savings Areas have frequently been lower than the salmon bycatch rates experienced outside of such areas. Under these circumstances, the regulatory Salmon Savings Areas have been counter-productive. On the other hand, the VRHS system closures are modified at least once a week in response to current bycatch information, rather than being based on historical salmon bycatch patterns. Therefore, the VRHS system has remained effective through variations in salmon bycatch patterns.

E. In response to these circumstances, the Council has adopted a policy that, when implemented by NMFS, will exempt Cooperative Members' vessels participating in the VRHS system from closures of the regulatory Salmon Savings Areas. In addition to providing the Cooperative's Members with enhanced capability to reduce their vessels' salmon bycatch amounts, the Salmon Savings Area exemption could substantially reduce the Members' vessel operating costs. However, the VRHS system's effectiveness depends on contract enforcement action being taken against vessels that violate VRHS closures, or fail to take other specified actions necessary to maintain the effectiveness of the VRHS system.

F. The Cooperative and the Members have concluded that the benefits associated with implementing and enforcing the VRHS system, and thereby attaining an exemption from the regulatory Salmon Savings Areas, are of sufficient consideration to support adoption of certain amendments to the Cooperative's Membership Agreement that will promote the effectiveness of the VRHS system.

Now, therefore, the parties agree as follows:

#### AGREEMENT

1. Effect of This Addendum Agreement. This Membership Agreement Addendum supplements, amends and supercedes Unalaska Fleet Cooperative Membership Agreement dated as of December 16, 1999 (the "Membership Agreement"). The terms of this Addendum shall prevail over any inconsistent terms of the Membership Agreement.

2. Effect of Agreement. Each Member hereby acknowledges that its vessel(s) operations are governed by the Agreement. Each Member acknowledges that it has received a copy of the Agreement, and is familiar with its terms. Each Member agrees to cause such Member's vessels to comply with the terms and conditions of the Agreement, as they may apply to such Member as a member of the Cooperative or to such Member directly. Each Member agrees that this Addendum and the Membership Agreement shall be construed together to give the Agreement full force and effect in accordance with its terms.

3. Implementation of Agreement. Each Member acknowledges that the Cooperative must take certain actions from time to time to give effect to the Agreement and to obtain the benefit of the VRHS participant exemption from the regulatory Salmon Savings Area closures, and hereby authorizes the Cooperative's Board of Directors to take all such actions and execute all such documents that Cooperative's Board of Directors reasonably deems necessary for such purposes.

4. Enforcement of Agreement. Each Member hereby authorizes the Cooperative Board of Directors to take any and all actions reasonably necessary to enforce the Agreement in accordance with its terms. Each Member hereby agrees that if the Cooperative Board of Directors fails to take the action(s) necessary to enforce the Agreement within sixty (60) days of receiving notice from Sea State that a Member may have failed to comply with the Agreement, or that the actions of a Member may have resulted in the Cooperative failing to comply with the Agreement, then each of Aleutian Pribilof Island Community Development Association ("APICDA"), Bristol Bay Economic Development Corporation ("BBEDC"), Central Bering Sea Fishermen's Association ("CBSFA"), Coastal Villages Region Fund ("CVRF"), Norton Sound Economic Development Corporation ("NSEDC") and Yukon Delta Fisheries Development Association ("YDFDA") (together, the "CDQ Groups"), and Association of Village Council Presidents ("AVCP"), Bering Sea Fishermen's Association ("BSFA"), Tanana Chief's Conference ("TCC") and Yukon River Drainage Fishermen's Association ("YRDFA"), all of which are Alaska non-profit corporations, may individually or collectively take action to enforce the Agreement.

5. Maintenance of an Approved and Operational Vessel Monitoring System. Each Member shall at all times maintain an operational vessel monitoring system ("VMS") unit approved by Sea State, Inc. ("Sea State") on its vessel at all times that its vessel(s) participate in the Fishery, provided such VMS unit is available on a commercially reasonable basis. Each Member agrees to cause its vessel's VMS tracking data to be released to Sea State on a basis that enables Sea State to determine whether such Member's vessel(s) have operated in compliance with the Agreement. Each Member shall release to Sea State its State and Federal landing reports, observer data, VMS tracking data, and vessel log books and plotter data for purposes of determining its compliance with the Agreement, and agrees that in the event Sea State concludes that its vessel may have violated a VRHS closure, Sea State may release such data as Sea State in its sole discretion determines appropriate to facilitate enforcement of the Agreement.

6. Records Presumed Accurate for Determining Compliance. Each member agrees that the information contained in the records identified in Section 5, above, shall be presumed accurate absent a clear and compelling demonstration of manifest error, and shall be presumed sufficient to determine its compliance with the terms and conditions of the Agreement.

7. Violation of Agreement. **Each Member agrees that each trawl tow during which the Member's vessel fishes in a VRHS salmon savings area in violation of the Agreement shall constitute a separate violation of the Agreement for purposes of assessment calculation.** Each Member acknowledges and agrees that damages for violation of the Agreement shall accrue on a strict liability basis, regardless of a Member's lack of knowledge of the violation or lack of intent to violate the Agreement.

8. Liquidated Damages Calculation and Adjustment. Each Member agrees that the damages resulting from a violation of the Agreement would be difficult if not impossible to estimate, and that the assessment amounts provided under the Agreement

are therefore intended to be a substitute in all cases for direct, indirect and consequential damages. **Each Member acknowledges and agrees to the following assessments as liquidated damages in connection with the specified violation of the Agreement:**

- **VRHS savings area closure violations**
  - **first violation – Ten Thousand Dollars (\$10,000.00)**
  - **second violation – Fifteen Thousand Dollars (\$15,000.00)**
  - **third and subsequent violations in any fishing year – Twenty Thousand Dollars (\$20,000.00)**
- **Failure to maintain an approved operational VMS unit aboard a Member's vessel while the vessel is employed in the Fishery – One Thousand Dollars (\$1,000.00) per day, for each consecutive day over thirty (30) days, on the condition that such VMS unit is available on a commercially reasonable basis.**

Each Member agrees that the Cooperative's Board of Directors may modify the foregoing assessment amounts from time to time, as the Board of Directors determines necessary to maintain VRHS system effectiveness.

9. **Liquidated Damages Assessment.** **Each Member agrees to provide in its contract with each master of each Member's vessel that such master shall be obligated to pay the full amount of all assessments levied in connection with any and all VRHS savings area violations, with no right of reimbursement or indemnification whatsoever.** Further, each Member agrees that in the event a master of such Member's vessel fails to perform any such obligation when it becomes due, or in the event the assumption of any such obligation by the vessel's master is deemed invalid, the related Member shall be liable for the full amount of such assessment, together with all related costs and attorneys' fees.

10. **Attorneys Fees.** Each Member agrees that in connection with any action taken to enforce this Agreement, the prevailing party shall be entitled to the costs and fees it incurs in connection with such action, including attorneys' fees.

11. **Injunctive Relief.** Each Member agrees that in addition to legal remedies, the Cooperative's Board of Directors, each of the CDQ groups, and BSFA and YRDFA shall be entitled to injunctive relief in connection with the second and subsequent violations of this Agreement.

12. **Release and Waiver of All Claims Against SeaState and United Catcher Boats; Indemnification and Hold Harmless.** The Members acknowledge that the effectiveness of the Agreement depends to a significant extent on the discretion and judgment exercised by principals and employees of Sea State and United Catcher Boats Association ("UCB") in designating and defining VRHS system savings areas, determining each Cooperative's salmon bycatch tier status, monitoring compliance with VRHS system savings area closures, and initiating and supporting enforcement actions

under circumstances where a Cooperative member appears to have violated this Agreement. The Members further acknowledge that if Sea State or UCB were potentially liable for simple negligence in connection with such actions, it would be necessary for Sea State and UCB to charge a substantially larger fee for the services they provide in connection with this Agreement, to offset that potential liability. It is therefore in the Members' interest to limit Sea State's and UCB's potential liability under this Agreement. **Therefore, each Member hereby waives and releases any and all claims against Sea State and UCB arising out of or relating to Sea State's or UCB's services in connection with the Agreement, other than those arising out of gross negligence or willful misconduct by Sea State or UCB.**

13. **Term and Termination.** This Addendum shall take effect as of January 20, 2006. The initial term of this Addendum shall extend through November 1, 2008. The term of this Addendum shall be automatically extended for an additional year as of each successive September 15 that the Agreement remains in effect, i.e., if the Agreement remains in effect as of September 15, 2006, the expiration date of this Addendum shall be extended to November 1, 2009, and so on. A Member may terminate its obligations under this Addendum by providing written notice to all other Members of the Cooperative, provided that the effective date of such Member's termination shall be the expiration date of this Addendum that is in effect at the time the termination notice is delivered. For example, if a Member properly provides its termination notice to all other Cooperative members on August 15, 2006, and if the Agreement remains in effect as of that date, such Member's termination shall not be effective until November 1, 2008. If a Member properly provides termination notice on October 1, 2006, and if the IC Agreement remains in effect as of that date, its termination shall not be effective until November 1, 2009. Notwithstanding any Member's termination of its obligations under this Addendum, this Addendum shall remain in full force and effect among all Members who have not terminated their obligations under this Addendum, and in any case, the enforcement provisions of Sections 7, 8 and 9 of this Addendum shall survive all such terminations with full force and effect.

14. **Miscellaneous.**

a. No amendment to this Addendum shall be effective against a party hereto unless in writing and duly executed by such party. The parties agree to amend this Addendum as reasonably necessary to maintain the effectiveness of this Addendum in response to changes in law or circumstances.

b. This Addendum shall be governed by and construed in accordance with applicable federal law and the laws of the State of Washington.

c. This Addendum may be executed in counterparts which, when taken together, shall have the same effect as a fully executed original. Delivery of a signed copy of this Addendum by telefacsimile shall have the same effect as delivering a signed original.

d. The parties agree to execute any further documents that may be necessary or convenient to give effect to the intents and purposes of this Addendum.

e. All notices required to be given under this Addendum shall be deemed given five (5) days following deposit in certified first class U.S. mail, postage prepaid, with the correct address, or upon the first business day following confirmed telefacsimile or e-mail transmission to the recipient. Each party to this Addendum agrees to provide the name, postal address, telefacsimile number and e-mail address of its duly authorized representative(s) for purposes of receiving notices under this Addendum within three (3) days of executing this Addendum.

f. In the event that any provision of this Addendum is held to be invalid or unenforceable, such provision shall be deemed to be severed from this Addendum, and such holding shall not affect in any respect whatsoever the validity of the remainder of this Addendum.

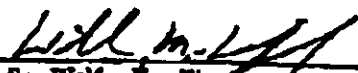
g. Each Member agrees to use its best efforts to resolve any disputes arising under this Addendum through direct negotiations. Breaches of this Addendum for which a party seeks a remedy other than injunctive relief that are not resolved through direct negotiation shall be submitted to arbitration in Seattle, Washington upon the request of any party to this Addendum. The party's written request will include the name of the arbitrator selected by the party requesting arbitration. The other party will have ten (10) days to provide written notice of the name of the arbitrator it has selected, if any. If the other party timely selects a second arbitrator, the two arbitrators will select a third arbitrator within ten (10) days. If the other party does not timely select the second arbitrator, there shall be only the one arbitrator. The single arbitrator or the three (3) arbitrators so selected will schedule the arbitration hearing as soon as possible thereafter. Every arbitrator, however chosen, must have no material ties to the Cooperative or any Cooperative member. The decision of the arbitrator (or in the case of a three (3) arbitrator panel, the decision of the majority) will be final and binding. The arbitration will be conducted under the rules of (but not by) the American Arbitration Association. The parties will be entitled to limited discovery as determined by the arbitrator(s) in its or their sole discretion. The arbitrator(s) will also determine the "prevailing party" and that party will be entitled to its reasonable costs, fees and expenses, including attorneys' and arbitrator fees, incurred in the action by said party. In no event will arbitration be available pursuant to this paragraph after the date when commencement of such legal or equitable proceedings based on such claim, dispute, or other matter in question would be barred by the applicable statute of limitations.


Entered into as of the date first set forth above.




Resolution of Directors  
of  
Unalaska Fleet Cooperative

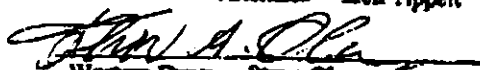
The Directors of the Unalaska Fleet Cooperative hereby adopt the Membership Agreement VRHS Addendum dated January 15, 2006 as a permanent addendum to the Unalaska Fleet Co-op Membership Agreement dated December 16, 1999.


  
Sea Wolf - Ken Tippett  
Alternate - William Weisfield

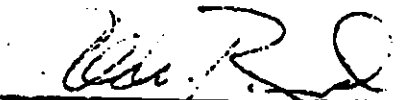
  
Bering Rose - Tim Sawyer  
Alternate - Ken Tippett

  
Alaska Rose - Jeff Hiett  
Alternate - Ken Tippett

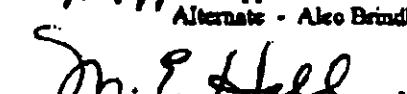
  
Destination - Olav Austeberg  
Alternate - Ken Tippett

  
Western Dawn - Steve Olsen  
Alternate - Thor Olsen


  
Ma Amy - Karen Brindle  
Alternate - Ken Tippett

  
Meariah - Alec Brindle, Jr.  
Alternate - Ken Tippett

  
Great Pacific - Ken Tippett  
Alternate - Alec Brindle, Jr.

  
Vanguard - Vern Hall  
Alternate - Beanie Robinson  
Alternate - Margaret Hall

  
Morning Star - Bob Delmont  
Alternate - Greg Shuey

  
Progress - Margaret Hall  
Alternate - Beanie Robinson  
Alternate - Vern Hall

AFA Inshore Cooperatives  
c/o United Catcher Boats Association  
4005 20<sup>th</sup> Ave. West  
Suite 116  
Seattle, Wash. 98199

RECEIVED

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September 30, 2010

Ms. Sue Salvesson  
National Marine Fisheries Service – Alaska Region  
Sustainable Fisheries Division  
P.O. Box 21668  
Juneau, Alaska, 99802-1668

Dear Ms. Salvesson,

Enclosed with this letter is our completed NMFS application form for an incentive plan agreement (IPA) with the required list of participants and the Agreement itself; the Inshore Chinook Salmon Savings Incentive Plan Agreement (Inshore SSIP). The Inshore SSIP's membership at this time consists of the six active inshore AFA cooperatives and the two current inshore open access vessels. 100% of the AFA inshore qualified catcher vessels have decided to participate in the Inshore SSIP. The Agreement has been signed by the six inshore cooperative representatives on behalf of all their members. Exhibit 3 of the Agreement lists the participating vessels by cooperative. The two open access vessels, Northwest Explorer and Leslie Lee, have signed the Agreement individually.

While the current Inshore SSIP membership is made up of only AFA inshore vessels, the Inshore SSIP has been written to accommodate future participants from all 4 sectors of the Bering Sea pollock fishery. We believe that all sectors of the Bering Sea pollock fishery are aware of the Inshore SSIP, but none have contacted us in an attempt to join. Consequently no one has been denied the opportunity to participate the Inshore SSIP.

There are three clarifications that need to be made about the vessel lists. In Table 47c of the final rule, NMFS has listed the Flying Cloud (USCG# 598380, AFA# 1318). The Flying Cloud has been renamed the Gladiator (same USCG and AFA identification numbers) and is therefore listed in both our application and IPA as the Gladiator. The second issue concerns one of the two Morning Stars listed in Table 47c. The Morning Star of concern is listed as having the USCG # 652395 and AFA #1640 and is a member of the Peter Pan Fleet Cooperative. This Morning Star is a replacement vessel for the original AFA vessel Ocean Hope I. The identification numbers listed in Table 47c are not the correct identification numbers for this Morning Star; we believe them to be the identification numbers for the Ocean Hope I. In both the application and the IPA vessel list we have identified the Morning Star with the correct identification numbers (USCG #1037811, AFA #6204, and ADF&G #70323). Finally, there are 13 dual qualified Inshore/Mothership vessels participating in the Inshore SSIP as well as the

Mothership SSIP. Each of these vessels is participating in the Inshore SSIP with only their inshore allocation. Because these vessels' two allocations are not differentiated by their ADF&G number or their Federal Fisheries Permit number the vessel list in the application will include an inshore designation behind the names of the dual qualified vessels.

The following is a summary of the Inshore SSIP and may also be found in Section 2 of the Agreement:

The vessels participating in this IPA receive an annual allocation of Chinook salmon bycatch units, which limits their Chinook salmon PSC bycatch to their pro-rata share of the 47,591 Chinook salmon PSC performance standard, less insurance pool deductions for Inshore Cooperative Vessels. A vessel can earn additional Chinook bycatch units by catching fewer Chinook salmon PSC as bycatch than the amount of its annual allocation, at a rate of one (1) additional unit for every three (3) allocated units that are not used. The insurance pool is a Chinook bycatch unit reserve, which is available to Inshore Sector Cooperative Vessels whose Chinook bycatch exceeds the number of bycatch units they hold. Inshore Sector Cooperative Vessels using insurance pool bycatch units are required to repay the insurance pool, and to pay an additional insurance pool usage penalty. If the inshore sector's Chinook salmon bycatch exceeds its performance standard for two (2) years in a six (6) consecutive year period, each Cooperative is required to take all actions necessary to insure that the Chinook salmon bycatch of its Vessels does not exceed the Annual Threshold Amount for a third (3<sup>rd</sup>) year in a seven (7) consecutive year period. A rolling hot spot closure program closes areas of relatively high Chinook salmon PSC bycatch to vessels that have relatively high rates of Chinook salmon bycatch during periods when the vessels participating in this IPA are experiencing relatively low levels of Chinook salmon encounter.

The Inshore SSIP has been designed to meet each of the 5 required elements under 679.21(f)(12)(iii)(B)(3) found on page 53065 of the final rule. The first of the five requirements, (3)(i), states that "The incentive(s) that will be implemented under the IPA for the operator of each vessel participating in the IPA to avoid Chinook salmon bycatch under any condition of pollock and Chinook abundance in all years."

The Inshore SSIP's primary incentive deals directly with this issue. As noted in the description above, each vessel receives a bycatch allocation based on its pro rata share of the sector's annual Threshold Amount, essentially the 47,591 Performance Standard level (reduced by an insurance pool deduction) and must earn bycatch units (Salmon Savings Credits) to have access to a pro rata share of the 60,000 IPA hard cap in future years. Earning those Savings Credits is akin to buying insurance against a catastrophic event (i.e. car insurance, life insurance, etc.) and is only accomplished by taking less Chinook salmon than initially allocated; one Savings Credit earned for every three Chinook avoided below the vessel's initial allocation. Because a vessel never knows what the next year's bycatch conditions will be, and consequently never knows if it will be able to earn credits or have to use Savings Credits in the following year(s), it is always incentivized to keep its bycatch as low as possible, whenever possible.

Requirement (3)(ii) requests a description of “The rewards for avoiding Chinook salmon, penalties for failure to avoid Chinook salmon at the vessel level, or both”. The Inshore SSIP rewards vessels having avoided Chinook salmon, as discussed previously, by awarding them Salmon Savings Credits. Without having earned a sufficient level of Savings Credits, a vessel has not “insured” itself against the possibility of a high salmon encounter year. While this is in itself a very strong reward for avoiding salmon whenever possible, the Inshore SSIP also penalizes vessels that run out of bycatch credits before completing their pollock harvest by either to stop fishing or acquire additional credits via a transfer. However, if a vessel securing a credit transfer has fished with an abnormally high bycatch rate, the vessel must acquire more credits than it needs (a transfer tax) and retire the tax credits. (See Section 6.2 Transfer Tax of the Agreement for details). The Inshore SSIP rules are designed in a way that it makes more sense to move pollock to cleaner fishing vessels rather than to move salmon to poorer performing vessels.

The third requirement, (3)(iii) asks “How the incentive measures in the IPA are expected to promote reductions in a vessel’s Chinook salmon bycatch rates relative to what would have occurred in absence of the incentive program”. The primary incentive in the Inshore SSIP Agreement, earning Savings Credits, is a big departure from the traditional hard cap management approach for reducing bycatch. Without the incentives provided in the Inshore SSIP a vessel would suffer no future consequences whether it experiences an annual bycatch at 25% of its hard cap limit or 90% of its hard cap limit. Under the incentives found in the Inshore SSIP a participating vessel increases the possibility of suffering future pollock harvest restrictions with every salmon caught.

Requirement (3)(iv) requests a description of “How the incentive measures in the IPA promote Chinook salmon savings in any condition of pollock abundance or Chinook salmon abundance in a manner that is expected to influence operational decisions by vessel operators to avoid Chinook salmon”. As discussed earlier, the incentive of acquiring Savings Credits by avoiding Chinook bycatch below the 47,591 level is essentially an acquisition of insurance against future high bycatch encounters. The lower a vessel operator keeps his annual Chinook bycatch, the greater his insurance against high bycatch encounter years. A vessel operator never knows what his or her future bycatch needs may be. Similarly, the operator never knows how difficult it may be to catch his or her pollock allocation as the season progresses. Therefore, regardless of current pollock and Chinook abundance conditions an Inshore SSIP vessel operator must always consider the possibility of future conditions being less than desirable for earning Savings Credits, and consequently must maximize his or her bycatch insurance (by earning Savings Credits) whenever possible.

Finally, (3)(v) of the final rule asks “How the IPA ensures that the operator of each vessel governed by the IPA will manage his or her Chinook salmon bycatch to keep total bycatch below the performance standard described in paragraph (f)(6) of this section for the sector in which the vessel participates.” The Inshore SSIP stops the use of Savings Credits by any participant once the participant’s sector has exceeded its annual Threshold Amount two times in a seven year period. Put another way, each vessel may not exceed its allocation based on a pro rata share of the sector’s annual Threshold Amount once the Threshold Amount has been exceeded twice in seven years. This assures that the participants will not cause the sector to exceed the

performance standard. While the Agreement includes strict compliance measures for vessels to stay within their annual allocations, the Inshore SSIP includes a package of “stop fishing orders”, Section 8 of the Agreement, to back up Agreement compliance.

As noted in the Agreement, John Gruver, an employee of United Catcher Boats is the Representative for the Inshore SSIP. His telephone number is (206) 282-2599 and e-mail address is [jgruver@ucba.org](mailto:jgruver@ucba.org).

The Agreement has been signed by the following Inshore Cooperative representatives:

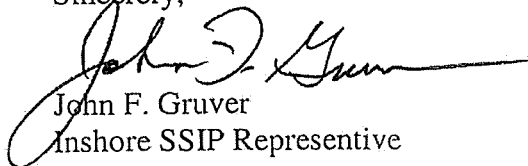
Christian Asay – Akutan Catcher Vessel Association  
Pat Hardina – Northern Victor Fleet Cooperative  
Mike Martin – Peter Pan Fleet Cooperative  
Ken Tippet – Unalaska Fleet Cooperative  
Joe Sullivan – UniSea Fleet Cooperative  
Marcus Alden – Westward Fleet Cooperative

The Agreement has been signed by the two current inshore open access vessels owner/representatives:

Lee Woodard – F/V Leslie Lee  
Jerry Downing – F/V Northwest Explorer

Thank you for consideration of the Inshore SSIP.

Sincerely,



John F. Gruver  
Inshore SSIP Representative

# APPLICATION FOR AN INCENTIVE PLAN AGREEMENT (IPA) AND LIST OF IPA PARTICIPANTS

U.S. Dept. of Commerce/NOAA  
National Marine Fisheries Service (NMFS)  
Sustainable Fisheries Division  
P.O. Box 21668  
Juneau, AK 99802-1668  
Fax: 907-586-7131  
Telephone: 907-586-7228



## TYPE OF APPLICATION

Indicate whether this application is for

☒ New IPA      ☐ Amended IPA      ☐ Change IPA Participant List

NOTE: Attach Incentive Plan Agreement.

## BLOCK A - IPA INFORMATION

1. Name of IPA: Inshore Chinook Salmon Savings Incentive Plan Agreement	2. IPA Number:
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## BLOCK B - IPA CONTACT INFORMATION

1. Name of IPA's Representative: John F. Gruver	2. Name of Agent for Service of Process, if different from representative Mundt MacGregor LLP	
3. Permanent Business Mailing Address: 4005 20th Ave. West Suite 116 Seattle, WA 98199	4. Temporary Business Mailing Address (if applicable):	
5. Business Telephone No.: (206) 282-2599	6. Business Fax No.: (206) 282-2414	7. E-mail address: jgruver@ucba.org

## BLOCK C - AFFIRMATION

☒ (Check if Applicable)

I claim, swear, and affirm that each eligible vessel owner or CDQ group, from whom I received written notification, requesting to join this IPA has been allowed to join this IPA subject to the same terms and conditions that have been agreed on by, and are applicable to, all other parties to the IPA.

## BLOCK D - CERTIFICATION

Under penalty of perjury, I certify by my signature below that I have examined the information and the claims provided on this application and, to the best of my knowledge and belief, the information presented here is true, correct, and complete.

1. Printed Name of Representative: John F. Gruver	2. Signature of Representative: 	3. Date Signed: SEPT. 30, 2010
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**BLOCK E – VESSEL IDENTIFICATION**

Attach additional sheet if necessary.

Name of vessel	ADF&G No.	Federal Fisheries Permit No.
Aldebaran	48215	901
Arctic Explorer	57440	3388
Arcturus	45978	533
Blue Fox	62892	4611
Bristol Explorer	55923	3007
Cape Kiwanda	61432	1235
Columbia	39056	1228
Dominator	08668	411
Excalibur II	54653	410
Exodus Explorer	33112	1249
Gladiator	32473	1318
Golden Dawn	35687	1292
Golden Pisces	32817	586
Hazel Lorraine	57117	523
Intrepid Explorer	64105	4993
Lisa Melinda	41520	4506
Majesty	60650	3996
Marcy J	00055	2142
Margaret Lyn ( <i>INSHORE</i> )	31672	723

**BLOCK E – VESSEL IDENTIFICATION**

Attach additional sheet if necessary.

Name of vessel	ADF&G No.	Federal Fisheries Permit No.
Mark I (INSHORE)	06440	1242
Nordic Explorer	51092	3009
Northern Patriot	55153	2769
Ocean Explorer	51073	3011
Pacific Explorer	50759	3010
Pacific Ram	61792	4305
Pacific Viking	00047	422
Pegasus	57149	1265
Perseverance	12668	2837
Predator	33744	1275
Raven	56395	1236
Royal American	40840	543
Seeker	59476	2849
Sovereignty	55199	2770
Traveler (INSHORE)	58821	3404
Viking Explorer	36045	1116
American Eagle	00039	434
Anita J	00029	1913
Collier Brothers	54648	2791



**BLOCK E – VESSEL IDENTIFICATION**

Attach additional sheet if necessary.

Name of vessel	ADF&G No.	Federal Fisheries Permit No.
Commodore	53843	2657
Gold Rush	40309	1868
Half Moon Bay	39230	249
Miss Berdie	59123	3679
Nordic Fury (INSHORE)	00200	1094
Ocean Hope 3	48173	1623
Pacific Fury (INSHORE)	00033	421
Poseidon	37036	1164
Royal Atlantic	00046	236
Storm Petrel	39860	1641
Sunset Bay	35527	251
AJ	57934	3405
American Beauty (INSHORE)	24255	1688
Elizabeth F	14767	823
Morning Star	70323	6204
Ocean Leader (INSHORE)	00032	1229
Oceanic (INSHORE)	03404	1667
Pacific Challenger (INSHORE)	06931	657
Providian	70709	6308

**BLOCK E – VESSEL IDENTIFICATION**

Attach additional sheet if necessary.

Name of vessel	ADF&G No.	Federal Fisheries Permit No.
Topaz	40250	405
Walter N	34919	825
Alaska Rose	38989	515
Bering Rose	40638	516
Destination	60655	3988
Great Pacific	37660	511
Messiah	66196	6081
Ms Amy	56164	2904
Progress	00006	512
Sea Wolf	35957	1652
Vanguard ( <i>INSHORE</i> )	39946	519
Western Dawn ( <i>INSHORE</i> )	22294	134
Alsea	40749	2811
Argosy	38547	2810
Auriga	56153	2889
Aurora	56154	2888
Defender	56676	3257
Fierce Allegiance	55111	4133
Gun-Mar	41312	425

**BLOCK E – VESSEL IDENTIFICATION**

Attach additional sheet if necessary.

Name of vessel	ADF&G No.	Federal Fisheries Permit No.
Mar-Gun (INSHORE)	12110	524
Morning Star	38431	208
Nordic Star	00961	428
Pacific Monarch	54645	2785
Seadawn	00077	2059
Star Fish	00012	1167
Starlite	34931	1998
Starward	39197	417
Alaskan Command	57321	3391
Alyeska (INSHORE)	00045	395
Arctic Wind	01112	5137
Caitlin Ann	59779	3800
Chelsea K	62906	4620
Dona Martita	51672	2047
Hickory Wind	47795	993
Pacific Knight	54643	2783
Pacific Prince	61450	4194
Viking	00008	1222
Westward I	53247	1650

**BLOCK E – VESSEL IDENTIFICATION**

Attach additional sheet if necessary.

Name of vessel	ADF&G No.	Federal Fisheries Permit No.
Peggy Jo	09200	979
Northwest Explorer	36808	3002
Leslie Lee	56119	1234

INSHORE CHINOOK SALMON SAVINGS  
INCENTIVE PLAN AGREEMENT

This INSHORE CHINOOK SALMON SAVINGS INCENTIVE PLAN AGREEMENT is entered into by and among AKUTAN CATCHER VESSEL ASSOCIATION, NORTHERN VICTOR FLEET COOPERATIVE, PETER PAN FLEET COOPERATIVE, UNALASKA FLEET COOPERATIVE, UNISEA FLEET COOPERATIVE, WESTWARD FLEET COOPERATIVE (together, the "Inshore Sector Cooperatives"), B & N FISHERIES COMPANY, F/V LESLIE LEE, INC., UNITED CATCHER BOATS ("UCB"), and SEA STATE, INC. ("Sea State") as of September 29, 2010, with respect to the following facts:

RECITALS

A. The North Pacific Fishery Management Council has adopted Amendment 91 to the Fishery Management Plan for Groundfish of the Bering Sea and Aleutian Islands Management Area ("Amendment 91"). Under Amendment 91, Community Development Quota ("CDQ") organizations and individuals or entities that own a vessel that is permitted under the American Fisheries Act to harvest pollock in the Bering Sea directed pollock fishery may enter into any "incentive plan agreement" ("IPA") approved by the National Marine Fisheries Service ("NMFS") that implements incentives for the operator of each vessel participating in the IPA to avoid Chinook salmon bycatch under any conditions of pollock and Chinook salmon abundance in all years.

B. The Inshore Sector Cooperatives have elected to prepare and submit this Agreement as their IPA, which they are entering into on behalf of the vessel owners and vessels that are their members.

AGREEMENT

1. Definitions. The following terms shall have the following meanings when used in this Agreement.

1.1 Annual Threshold Amount. The "Annual Threshold Amount" is the annual number of Chinook salmon allocated to the members of a Bering Sea pollock fishery sector or to Bering Sea CDQ organizations that participate in an IPA pursuant to the regulations implementing Amendment 91, calculated with reference to a 47,591 Chinook salmon "Prohibited Species Catch" ("PSC") limit.

1.2 Annual Vessel Percentage. The "Annual Vessel Percentage" is each Vessel's, Opt-In Vessel's, or CDQ Vessel's percentage share of its pollock fishery sector's Annual Threshold Amount. Each Vessel's Annual Vessel Percentage is calculated by adding together the "Percent[s]" assigned to all of the Vessels in Column D of Table 47c to 50 CFR 679 (each, a "Percent", together, the "Percents"), and then dividing the individual Vessel's Percent by the total Percent amount that is the product of that addition. Each Opt-In Vessel's Annual Vessel Percentage is calculated by using the same method, with reference to Table 47a to 50 CFR Part 679 for an Opt-In Vessel that is a catcher/processor, and Table 47b to 50 CFR Part 670 for an Opt-In Vessel that is a mothership sector catcher vessel. Each CDQ Vessel's Percentage shall be the percentage assigned to it by the CDQ organization for which it is harvesting pollock, as communicated by such organization to the Manager (as defined in Section 15, below) and the Monitoring Agent (as defined in Section 16, below), subject to the CDQ organization "Percents" set forth on Table 47d to 50 CFR 679. References to Tables 47a, 47b, 47c and 47d shall be to such Tables as they are amended from time to time.

1.3 Annual Use Limit. The “Annual Use Limit” is (i) each Vessel’s share of the annual Chinook salmon PSC limit for the Bering Sea pollock fishery inshore sector, net of any Insurance Pool deductions made pursuant to Section 3, below; (ii) each Opt-In Vessel’s share of the annual Chinook salmon PSC limit for the Bering Sea pollock fishery sector, other than the inshore sector, in which the Opt-In Vessel is eligible to participate; and (iii) each CDQ Vessel’s share of the annual Chinook salmon PSC assigned to the CDQ organization whose pollock allocation it is harvesting, as determined by that CDQ organization and communicated to the Manager and the Monitoring Agent. Each Vessel’s Annual Use Limit is calculated by adding the Vessel Percents for all of the Vessels in the Cooperative of which such Vessel is a member, dividing such Vessel’s Percent by the total Percent amount that is the product of that addition, multiplying the Cooperative Hard Cap for the Cooperative of which the Vessel is a member by the product of that division, and then deducting all Insurance Pool repayments and usage assessments charged to such Vessel during the relevant fishing year. Each Opt-In Vessel’s Annual Use Limit is the amount of Chinook salmon PSC that the Opt-In Vessel is limited to using during the relevant fishing year by the Chinook salmon bycatch “entity” of which it is a member. Each CDQ Vessel’s Annual Use Limit is the amount of Chinook salmon PSC that the CDQ Vessel is limited to using during the relevant fishing year by the CDQ organization for which it is harvesting CDQ pollock under the terms of this Agreement. Notwithstanding the foregoing provisions of this Section 1.3, a Vessel’s Annual Use Limit shall be increased by an “inter-entity” transfer to the Inshore Sector Cooperative of which such Vessel is a member made for the benefit of that Vessel in accordance with this Agreement.

1.4 Available Credit Limit. Each Vessel’s, Opt-In Vessel’s and CDQ Vessel’s “Available Credit Limit” is the lesser of (i) the remaining balance of its annual Base Cap Credits and Salmon Savings Credits in its account, or (ii) its Annual Use Limit.

1.5 Available Cap Credits. Each Vessel’s, Opt-In Vessel’s and CDQ Vessel’s “Available Cap Credits” are the amount of the Vessel’s, Opt-In Vessel’s or CDQ Vessel’s unused Salmon Credits that such Vessel may use, subject to its Available Credit Limit.

1.6 Base Cap Credits. “Base Cap Credits” are units of Bering Sea Chinook salmon PSC bycatch that are annually allocated to Vessels, Opt-In Vessels and CDQ Vessels under Section 3 of this Agreement.

1.7 Base Cap Credit Allocation. A Vessel’s “Base Cap Credit Allocation” is that Vessel’s annual allocation of Base Cap Credits, as adjusted by Base Cap Credit transfers made in accordance with this Agreement. Each Vessel’s, Opt-In Vessel’s and CDQ Vessel’s Base Cap Credit Allocation is such Vessel’s share of the Annual Threshold Amount, as calculated and adjusted by the Manager in accordance with Section 3 of this Agreement, and as further adjusted by Base Cap Credit transfers made in accordance with this Agreement.

1.8 Blended Paired Transfers. “Blended Paired Transfers” are transfers of Salmon Credits and pollock harvest share into a transferee vessel’s account by one or more transferor vessels, which are “blended” with all other Salmon Credits and pollock harvest share assigned to the transferee vessel.

1.9 CDQ Vessels. CDQ Vessels are vessels that harvest Bering Sea pollock allocated to one of the CDQ groups identified on Table 47d to 50 CFR 679 which have opted to participate in the

Chinook salmon bycatch avoidance IPA implemented under this Agreement in accordance with the regulations implementing Amendment 91. A Vessel or Opt-In Vessel that harvests pollock allocated to a CDQ organization shall be deemed a CDQ Vessel in connection with each trawl tow during which it does so. Pursuant to Section 11, below, the individual(s) or entity or entities that own a CDQ Vessel and the CDQ organization whose pollock allocation the CDQ Vessel is harvesting shall be deemed to assume all legal responsibility and liability associated with such CDQ Vessel's obligations under this Agreement.

1.10 Cooperatives. The "Cooperatives" are collectively the Inshore Sector Cooperatives and the Virtual Cooperative. Each of the Cooperatives is referred to individually as a "Cooperative".

1.11 Cooperative Hard Cap. "Cooperative Hard Cap" is (i) for Inshore Sector Cooperatives, the annual amount of Chinook salmon PSC that NMFS allocates to that Inshore Sector Cooperative, and (ii) for the Virtual Cooperative, the sum of (a) the annual amount of Chinook salmon PSC allocated to Vessels participating in the inshore sector "open access" fishery, (b) the sum of the Opt-In Vessels' Annual Use Limits, and (c) the sum of the CDQ Vessels' Annual Use Limits.

1.12 Hardship Transfer. A "Hardship Transfer" is a Paired Transfer from a vessel that is unable to complete its pollock harvest for a season as the result of mechanical breakdown, collision, grounding or comparable event outside of the vessel owner's control, to one or more vessels that harvest the disabled vessel's Cooperative pollock harvest share for that season.

1.13 Inshore Sector Cooperative. An "Inshore Sector Cooperative" is an American Fisheries Act ("AFA") Bering Sea pollock fishery inshore sector cooperative that is recognized as such by NMFS under the regulations implementing Amendment 91 and that is a party to this Agreement.

1.14 Insurance Pool. The "Insurance Pool" is a pool of Base Cap Credits funded by deducting Base Cap Credits from the Inshore Sector Cooperative Vessels' annual Base Cap Credit Allocations. The Insurance Pool is used to cover Chinook salmon PSC bycatch by Inshore Sector Cooperative Vessels that exceed their Available Credit Limit. The Insurance Pool is not available to Vessels in the Virtual Cooperative.

1.15 Mop-Up Transfers. "Mop-Up Transfers" are Paired Transfers by one or more Vessels in an Inshore Sector Cooperative to a single Vessel in the same Inshore Sector Cooperative to enable the transferee Vessel to complete a Cooperative's seasonal pollock harvest on behalf of all of the Inshore Sector Cooperative's members.

1.16 Opt-In Vessels. "Opt-In Vessels" are vessels that are eligible to harvest pollock from the Bering Sea pollock fishery mothership sector or catcher/processor sector allocation under the AFA, which have opted to participate in the Chinook salmon bycatch avoidance IPA implemented under this Agreement in accordance with the regulations implementing Amendment 91. A Vessel that is qualified to harvest pollock from both the inshore and mothership sectors of the Bering Sea pollock fishery shall be deemed a Vessel for purposes of its fishing activity as a member of an Inshore Sector Cooperative under this Agreement, and shall be deemed an Opt-In Vessel for purposes of its harvest of pollock from the mothership sector allocation under this Agreement. Pursuant to Section 11, below, the individual(s) or entity or entities that own an Opt-In Vessel shall be deemed to assume all legal responsibility and liability associated with such Opt-In Vessel's obligations under this Agreement.

1.17 Paired Transfers. “Paired Transfers” are simultaneous transfers of Salmon Credits and Cooperative pollock harvest share between two or more vessels in the same Cooperative, including Vessels that are deemed to be members of the same Cooperative pursuant to an Amendment 69 fishing agreement. There are four types of Paired Transfers: “Blended Paired Transfers”, “Hardship Transfers”, “Mop-Up Transfers” and “Trip-Specific Paired Transfers”. Paired Transfers are not permitted between vessels in different Bering Sea pollock fishery sectors, between a non-CDQ Vessel and a CDQ Vessel, or between two CDQ Vessels fishing for different CDQ organizations. However, Paired Transfers may be made between Vessels in the Virtual Cooperative, if pollock harvest shares have been allocated between or among Vessels in the Virtual Cooperative.

1.18 Salmon Credits. Each “Salmon Credit” is equal to one Chinook salmon that the holder is eligible to take as PSC bycatch in the Bering Sea directed pollock fishery, subject to the terms and conditions of this Agreement. Salmon Credits are annually allocated as Base Cap Credits, and can be earned as Salmon Savings Credits. Inter-“entity” transfers of salmon bycatch units into an Inshore Sector Cooperative, Vessel, Opt-In Vessel or CDQ Vessel account from another Bering Sea pollock fishery sector or a CDQ organization shall become Salmon Credits upon completion of the transfer.

1.19 Salmon Savings Credits. “Salmon Savings Credits” are Salmon Credits that Vessels, Opt-In Vessels or CDQ Vessels earn by catching less Bering Sea Chinook salmon while participating in the Bering Sea directed pollock fishery during a particular year than the amount of Salmon Credits that the Vessel, Opt-In Vessel or CDQ Vessel receives as its Base Cap Credit Allocation for that year, as calculated in accordance with Section 4 of this Agreement.

1.20 Seasonal Hard Cap Amount. “Seasonal Hard Cap Amount” is the annual amount of Chinook salmon PSC which the Vessels, Opt-In Vessels or CDQ Vessels in a Cooperative are prohibited by regulation from exceeding during the relevant Bering Sea pollock fishery season. NMFS will assign an annual “A” season Seasonal Hard Cap Amount and an annual “B” season Seasonal Hard Cap Amount to each Inshore Sector Cooperative, pursuant to 50 CFR 679.21(f). The Manager shall calculate the Seasonal Hard Cap Amounts for the Vessels, Opt-In Vessels and CDQ Vessels in the Virtual Cooperative.

1.21 Transfer Tax. “Transfer Tax” is the tax applied to all Base Cap Credits in excess of twenty-seven (27) that a Vessel receives during a pollock fishing season, as calculated in accordance with the “Transfer Tax Schedule” attached as Exhibit 1, other than those transfers which are specifically exempted from application of the Transfer Tax under the terms of this Agreement.

1.22 Trip-Specific Paired Transfers. “Trip Specific Paired Transfers” are Paired Transfers from a single transferor Vessel to a single transferee Vessel that harvests only the transferor Vessel’s pollock harvest share during a fishing trip.

1.23 Vessels. “Vessels” are the catcher vessels eligible to harvest pollock from the Bering Sea pollock fishery inshore sector allocation under the AFA that are (i) either assigned to a Cooperative or fishing in the inshore sector “open access” fishery and (ii) participating in the Chinook salmon PSC savings IPA implemented by this Agreement. Pursuant to Section 11, below, the individual(s) or entity or entities that own a Vessel shall be deemed to assume all legal responsibility and liability associated with such Vessel’s obligations under this Agreement.



1.23 Virtual Cooperative. "Virtual Cooperative" means the group composed of the Vessels that are fishing in the inshore sector "open access" fishery during a given year, the Opt-In Vessels and the CDQ Vessels. For purposes of this Agreement, such group shall be treated as an association with certain rights and obligations among its members as provided under this Agreement, even though it is not organized as such.

2. Agreement Summary. The vessels participating in this IPA receive an annual allocation of Chinook salmon bycatch units, which limits their Chinook salmon PSC bycatch to their pro-rata share of the 47,591 Chinook salmon PSC performance standard, less Insurance Pool deductions for Inshore Cooperative Vessels. A vessel can earn additional Chinook bycatch units by catching fewer Chinook salmon PSC as bycatch than the amount of its annual allocation, at a rate of one (1) additional unit for every three (3) allocated units that are not used. The Insurance Pool is a Chinook bycatch unit reserve, which is available to Inshore Sector Cooperative Vessels whose Chinook bycatch exceeds the number of bycatch units they hold. Inshore Sector Cooperative Vessels using Insurance Pool bycatch units are required to repay the Insurance Pool, and to pay an additional Insurance Pool usage penalty. If the inshore sector's Chinook salmon bycatch exceeds its performance standard for two (2) years in a six (6) consecutive year period, each Cooperative is required to take all actions necessary to insure that the Chinook salmon bycatch of its Vessels does not exceed the Annual Threshold Amount for a third (3<sup>rd</sup>) year in a seven (7) consecutive year period. A rolling hot spot closure program closes areas of relatively high Chinook salmon PSC bycatch to vessels that have relatively high rates of Chinook salmon bycatch during periods when the vessels participating in this IPA are experiencing relatively low levels of Chinook salmon encounter.

3. Base Cap Credit Allocations. All Base Cap Credit Allocations shall be made by the Manager in accordance with this Section 3. All Vessel, Opt-In Vessel and CDQ Vessel Base Cap Credit Allocation amounts shall be calculated to the closest 10<sup>th</sup> of one percent, but all allocations shall be made in the closest round number. Base Cap Credits may only be used or transferred during the calendar year for which they are allocated. Unused Base Cap Credits expire at the end of each calendar year for which they are allocated.

3.1 Base Cap Credit Calculation. Each Vessel, Opt-In Vessel and CDQ Vessel shall receive an initial annual Base Cap Credit Allocation calculated by multiplying the Annual Threshold Amount by that Vessel's, Opt-In Vessel's or CDQ Vessel's Annual Vessel Percentage.

3.2 Seasonal Apportionments. Each Vessel's, Opt-In Vessel's and CDQ Vessel's initial Base Cap Credit Allocation shall be apportioned by season.

3.2.1 Inshore Cooperative Vessels. Each Inshore Sector Cooperative shall assign each Vessel in that Cooperative an "A" season Base Cap Credit Amount and a "B" season Base Cap Credit Amount, as determined by the Inshore Sector Cooperative, provided that: (i) the sum of a Vessel's "A" season apportionment and its "B" season apportionment shall not exceed the Vessel's Annual Base Cap Credit Allocation; (ii) the sum of an Inshore Sector Cooperative's "A" season Base Cap Credit Allocation apportionments among its Vessels shall not exceed that Inshore Sector Cooperative's "A" season Seasonal Hard Cap amount; and (iii) the sum of an Inshore Sector Cooperative's "B" season Base Cap Credit Allocation apportionments among its Vessels shall not exceed the difference between the sum of the Base Cap Credit Allocations for that Inshore Sector Cooperative's Vessels and the sum of that Inshore Sector Cooperative's "A" season Base Cap Credit Allocation apportionments. Each Inshore

Sector Cooperative shall complete the seasonal apportionment assignments for its Vessels and notify the Manager of those assignments in writing on or before January 10 of the year during which such seasonal apportionments are in effect.

3.2.2 Virtual Cooperative Vessels. The Manager shall calculate the annual seasonal apportionments of the Base Cap Credit Allocations of Vessels in the Virtual Cooperative by apportioning the “open access” pool “A” season Seasonal Hard Cap and “B” season Base Cap Credit amounts among such Vessels pro rata, on the basis of their Annual Vessel Percentage. Each Opt-In Vessel shall be subject to the annual seasonal apportionments imposed by the Chinook salmon PSC “entity” of which such Opt-In Vessel is a member. Each CDQ Vessel shall be subject to the annual seasonal apportionments imposed by the CDQ organization for which such vessel is harvesting Bering Sea pollock.

3.3 Insurance Pool Repayment and Usage Assessment Deductions. Each Inshore Sector Cooperative shall report the amount of Insurance Pool credits used by its Vessels in the prior “A” season by May 1 each year, and shall report the number of Insurance Pool credits used by its Vessels in the prior “B” season by December 1 each year. The Manager shall reduce the Base Cap Credit Allocation of each Vessel by the amount of Insurance Pool credits that the Vessel used in the prior season and did not repay in accordance with Section 7, below. The Manager shall next reduce the Base Cap Credit Allocation of each Vessel that used Insurance Pool credits in the prior season by that Vessel’s Insurance Pool usage assessment amount, as calculated in accordance with Section 7, below. If a Vessel does not have a sufficient Base Cap Credit Allocation to cover its Insurance Pool repayment and usage assessment obligations, the Manager shall reduce the Vessel’s Base Cap Credit Allocation for the next season to “0”, and the Vessel’s shortfall shall be carried over to the following season(s) until repaid in full. The Manager shall credit all Insurance Pool repayment and usage assessments reducing the annual Base Cap Credit Allocations of Inshore Sector Cooperative Vessels to the next season’s Insurance Pool.

3.4 Insurance Pool “Top Off” Deductions. If the Insurance Pool repayment and usage assessment deductions made by the Manager result in an Insurance Pool credit balance which is equal to or greater than an amount equal to the product of multiplying 1,000 by the sum of all Inshore Sector Cooperative Vessels’ Annual Vessel Percentages (the “Insurance Pool Target Amount”), the Manager shall not make any further Base Cap Credit Allocation deductions to fund the Insurance Pool. However, if the Insurance Pool repayment and usage assessment deductions result in an Insurance Pool credit balance that is less than the Insurance Pool Target Amount, the Manager shall deduct from the Inshore Sector Cooperative Vessels’ Base Cap Credit Allocations the additional amount necessary to fund the Insurance Pool to the Insurance Pool Target amount. Each Inshore Sector Vessel’s contribution to such additional deduction shall be calculated by multiplying the Vessel’s Annual Vessel Percentage by the difference between the Insurance Pool credit balance after making the prior season’s repayment and usage assessment deposits and the Insurance Pool Target Amount.

4. Salmon Savings Credit Allocations. A Vessel, Opt-In Vessel or CDQ Vessel that catches an amount of Chinook salmon PSC in the Bering Sea pollock fishery during a calendar year that is less than its Base Cap Credit Allocation for that year shall earn Salmon Savings Credits in accordance with the terms of this Section 4. In addition, a Vessel that has some or all of its Cooperative harvest share for the Bering Sea pollock fishery harvested by one or more other Vessels shall earn Salmon Savings Credits in accordance with the terms of this Section 4 if the harvesting Vessel(s) catch an amount of Chinook

salmon that is less than the Base Cap Credit amount assigned to the harvesting Vessels by the non-harvesting Vessel, while harvesting the assigned harvest share.

4.1 Monitoring and Reporting Salmon Credit Usage. For purposes of this Section 4.1, Salmon Credit usage shall mean, for each delivery of pollock and associated Chinook salmon PSC, the allocation of the full amount of that Chinook salmon PSC to an identified vessel or vessels in accordance with this Agreement, such that their Available Cap Credits are reduced by that Chinook salmon PSC. Each Inshore Sector Cooperative shall monitor the Salmon Credit usage of its Vessels, and shall make such information available to the Manager and the Monitoring Agent on a trip-by-trip basis, within forty eight (48) hours of the date on which the related Alaska Department of Fish and Game ("ADF&G") fish ticket is completed. The Manager or the Monitoring Agent shall make all such information available to the members of all Inshore Sector Cooperatives that are parties to this Agreement. Further, each Inshore Sector Cooperative shall have until May 1, for the prior "A" season, and until December 1, for the prior "B" season to report and resolve any in-season reporting discrepancies with the Manager. The Manager shall monitor the Salmon Credit usage of the Vessels, Opt-In Vessels, and CDQ Vessels in the Virtual Cooperative. Because transparency is necessary to assure uniform implementation of this Agreement by the Cooperatives and to monitor the relative performance of the Cooperatives in relation to the Annual Threshold amount, all information the Manager in his or her sole discretion deems necessary to verify the same shall be provided by the Cooperatives to the Manager and/or Monitoring Agent promptly upon the Manager's request, and shall be available to all parties to this Agreement. Subject to the foregoing, all information reported to the Manager and/or the Monitoring Agent pursuant to this Section 4.1 shall be treated as confidential, and shall not be disclosed to individuals or entities other than the authorized representatives and members of the Inshore Sector Cooperatives, except as required by the regulations implementing Amendment 91.

4.2 Salmon Savings Credit Calculation. For every three (3) annual Base Cap Credits that a Vessel, Opt-In Vessel or CDQ Vessel does not use during the year they are allocated to it, such Vessel, Opt-In Vessel or CDQ Vessel shall receive one (1) Salmon Savings Credit. For purposes of calculating Salmon Savings Credits under this Section 4.2, Base Cap Credits a Vessel transfers to another Vessel shall generate Salmon Savings Credits for the transferor Vessel. The Manager shall maintain a Salmon Savings Credit account for each Vessel, Opt-In Vessel and CDQ Vessel, and shall calculate and assign Salmon Savings Credits to each Vessel's, Opt-In Vessel's and CDQ Vessel's account at the end of each fishing year. If a Vessel's, Opt-In Vessel's or CDQ Vessel's resulting account balance contains a fraction of a Salmon Savings Credit equal to or greater than one-half, the account balance shall be rounded up to the next whole number.

4.3 Salmon Savings Credit Account Balances. There is no limit on the amount of Salmon Savings Credits a Vessel, Opt-In Vessel or CDQ Vessel may have in its Salmon Savings Credit account.

4.4 Salmon Savings Credit Duration. Salmon Savings Credits shall last for five (5) calendar years.

5. Restrictions on Salmon Credit Usage. No Salmon Credit shall be used other than in strict compliance with the terms and conditions of this Section 5. All other attempted use of Salmon Credits shall be void and have no effect. Salmon Credit transfers are governed by the provisions of Section 6, below.

5.1 Available Cap Credit Usage. No Vessel, Opt-in Vessel or CDQ Vessel shall use an amount of Salmon Credits in excess of its Available Credit Limit. No Cooperative shall permit a Vessel, Opt-In Vessel or CDQ Vessel that is a member of such Cooperative to exceed its Available Credit Limit.

5.2 Salmon Savings Credit Usage. No Vessel, Opt-In Vessel or CDQ Vessel shall use Salmon Savings Credits other than in strict compliance with this Section 5.2.

5.2.1 Salmon Savings Credits shall only be used by a Vessel, Opt-In Vessel or CDQ Vessel after such vessel has used all of its Base Cap Credits.

5.2.2 Vessels, Opt-In Vessels or CDQ Vessels that transfer more than five (5) Base Cap Credits to another Vessel, Opt-In Vessel or CDQ Vessel during a calendar year shall not use Salmon Savings Credits during the same calendar year.

5.2.3 No Vessel shall use Salmon Savings Credits during the “A” season.

5.2.4 If used, Salmon Savings Credits shall be deducted from a Vessel’s, Opt-In Vessel’s or CDQ Vessel’s account on a “first-in, first-out” basis.

6. Salmon Credit Transfers. No Salmon Credit shall be transferred from the Vessel, Opt-In Vessel or CDQ Vessel to which it is allocated or the Vessel, Opt-In Vessel or CDQ Vessel Salmon Savings Credit account to which it is assigned by the Manager other than in strict compliance with this Section 6. All other attempted transfers of Salmon Credits shall be void and have no effect. No Salmon Credit transfer shall be made in violation of the regulations implementing Amendment 91.

6.1 Base Cap Credit Transfers. Base Cap Credits may only be transferred between Vessels, Opt-In Vessels and CDQ Vessels that are participating in the Chinook salmon PSC savings IPA that is implemented under this Agreement, and only in strict compliance with the terms and conditions of this Agreement.

6.2 Transfer Tax. All Base Cap Credit transfers other than those specifically exempted under this Section 6 are subject to the Transfer Tax, as defined in Section 1.21, above. When a Base Cap Credit transfer is subject to the Transfer Tax, the transferee Vessel shall receive a number of Base Cap Credits calculated by multiplying the number of Base Cap Credits acquired from the transferor Vessel by the applicable percentage reflected on Exhibit 1, and deducting the product from the number of Base Cap Credits acquired from the transferor. The Base Cap Credits that are deducted from a transfer as a result of applying the Transfer Tax shall be nullified, and shall not be available for use by the transferor or the transferee.

6.3 Base Cap Credit Transfers Without Accompanying Pollock Harvest Share Transfers. Base Cap Credits may be transferred from any Inshore Sector Cooperative Vessel to any other Inshore Sector Cooperative Vessel on such terms as the owners of the transferor Vessel and the transferee Vessel agree, provided that no such Base Cap Credit transfer shall take effect unless and until the Manager has been informed of and approved the proposed transfer. Base Cap Credits may be transferred between Vessels in the Virtual Cooperative and between Opt-In Vessels from the same pollock fishery sector on such terms as the owners of the transferor Virtual Cooperative Vessel or Opt-In Vessel and the transferee Virtual Cooperative Vessel or Opt-In Vessel agree, provided that no such Base

Cap Credit transfer shall take effect unless and until the Manager has been informed of and approved the proposed transfer. Base Cap Credits may be transferred between CDQ Vessels harvesting pollock for the same CDQ organization on such terms as the affected CDQ organization and owners of CDQ Vessels may agree, provided that no such Base Cap Credit transfer shall take effect unless and until the Manager has been informed of and approved the proposed transfer. If the transferee and transferor Vessels are each in an Inshore Sector Cooperative, the Manager shall not approve the transfer until the authorized representatives of the Inshore Cooperative(s) involved have been informed of and approved the transfer.

6.3.1 No Vessel, Opt-In Vessel or CDQ Vessel shall receive an amount of Base Cap Credits by transfer such that the sum of Salmon Credits allocated to, earned by and transferred to the Vessel, Opt-In Vessel or CDQ Vessel in a particular calendar year exceeds the Vessel's, Opt-In Vessel's or CDQ Vessel's Annual Use Limit for that calendar year.

6.3.2 A Vessel may exchange its "A" season Base Cap Credits for an equal amount of another Vessel's "B" season Base Cap credits and vice versa, on such terms as such Vessels may agree upon in their sole discretion. Such reciprocal exchanges of seasonally apportioned Base Cap Credits shall not be subject to the Transfer Tax.

6.3.3 An Inshore Sector Cooperative Vessel may obtain Salmon Credits to reduce or avoid Insurance Pool deductions and assessments. Such transfers shall be subject to the Transfer Tax, if applicable.

6.4 Paired Transfers. Subject to the terms and conditions set forth in this Section 6.4: (i) a Vessel in an Inshore Sector Cooperative may make Paired Transfers to one or more other Vessels that are members of the same Inshore Sector Cooperative, or harvesting from the same Inshore Sector Cooperative's annual allocation under an Amendment 69 contract; (ii) a Vessel in the Virtual Cooperative may make Paired Transfers to one or more other Vessels in the Virtual Cooperative, if pollock harvest shares have been allocated between or among Vessels in the Virtual Cooperative; (iii) an Opt-In Vessel may make Paired Transfers to one or more other Opt-In Vessels from the same pollock fishery sector; and (iv) a CDQ Vessel may make a Paired Transfer to another CDQ Vessel fishing for the same CDQ organization. Paired Transfers made in accordance with the provisions of this Section 6.4 are not subject to the Transfer Tax, and the Base Cap Credits transferred as part of a Paired Transfer do not count towards the 27 credits exempted from a Transfer Tax. All Chinook salmon PSC catch taken by a transferee vessel under a Paired Transfer shall be accounted for under the transferor vessel's Annual Use Limit, and not under the transferee vessel's Annual Use Limit.

6.4.1. Salmon Credit Transfer Ratios. Unless the provisions of Sections 6.4.1.1 or 6.4.1.2, below, apply, a Blended Paired Transfer's ratio of Salmon Credits to pollock tonnage shall not exceed the transferor's pre-harvest ratio of Salmon Credits to pollock tonnage for the season in connection with which the transfer is made. For example, if the transferor Vessel's Available Credit Limit for a pollock "B" season is 50 Salmon Credits, and the transferor Vessel's pollock harvest share for that "B" season is 500 metric tons, the number of Salmon Credits transferred per metric ton of pollock transferred in connection with a Blended Paired Transfer shall not exceed 0.10. The provisions of this Section 6.4.1 do not apply to Trip-Specific Paired Transfers, Hardship Transfers and Mop-Up Transfers.

6.4.1.1 Notwithstanding the provisions of Section 6.4.1, above, if the weekly inshore sector rate of Chinook salmon per metric ton of pollock is greater than the transferor Vessel's or Opt-In Vessel's pre-harvest ratio for that season, the transferor Vessel or Opt-In Vessel may make a Blended Paired Transfer of Salmon Credits per metric ton of pollock in an amount not to exceed the weekly inshore sector's Chinook bycatch rate.

6.4.1.2 Notwithstanding the provisions of Section 6.4.1, above, because Chinook salmon bycatch rates typically increase during the latter part of the "B" season, if a Blended Paired Transfer is made on or after September 15, the transferor Vessel or Opt-In Vessel may transfer Salmon credits per metric ton of pollock at the higher of (i) the then-current weekly inshore sector rate of Chinook salmon per metric ton of pollock, or (ii) the following rates per period: September 15 through September 30, 0.108 Credit per metric ton; October 1 through October 14, 0.312 Credit per metric ton; October 15 through November 1, 0.489 Credit per metric ton.

6.4.2 Blended Paired Transfers. Each transferor vessel that transfers Salmon Credits and Cooperative pollock share to a transferee vessel for harvest as part of a Blended Paired Transfer shall bear a pro rata share of the transferee vessel's Salmon Credit usage and Salmon Savings Credits earned (if any), calculated with reference to the amount of Salmon Credits transferred to the transferee vessel, and an equivalent pro rata share of any related Insurance Pool usage and all related deductions and assessments related to the transferee vessel's harvest of the pollock transferred in connection with the Blended Paired Transfer(s), provided that nothing in this Section 6.4.2 shall prevent the parties to a Blended Paired Transfer from allocating responsibility for such Salmon Credit Usage, Salmon Savings Credits earned and Insurance Pool usage and assessments among them otherwise by private agreement.

6.4.3 Trip-Specific Paired Transfers. In connection with a Trip-Specific Paired Transfer, all related Salmon Credit usage, all Salmon Savings Credits earned (if any), and all Insurance Pool usage and all related deductions and assessments shall be attributed to the transferor's account, provided that nothing in this Section 6.4.3 shall prevent the parties to a Trip-Specific Paired Transfer from allocating responsibility for such Salmon Credit Usage, Salmon Savings Credits earned and Insurance Pool usage and assessments among them otherwise by private agreement. Trip-Specific Paired Transfers are not subject to the ratio restrictions of Section 6.4.1, above.

6.4.4 Hardship Transfers. Notwithstanding the provisions of this Section 6 to the contrary, a vessel making a Hardship Transfer may transfer all of its Available Cap Credits and all of its Cooperative pollock harvest share to one or more other vessels. However, the transferee vessel(s) shall not use any of the transferor vessel's Salmon Savings Credits received in a Hardship Transfer in connection with harvests of any pollock other than the pollock harvested in connection with the Hardship Transfer. Hardship Transfers are not subject to the ratio restrictions of Section 6.4.1, above.

6.4.5 Mop-Up Transfers. Notwithstanding the provisions of this Section 6 to the contrary, Vessels making a Mop-Up Transfer may transfer all of their Available Cap Credits and all of their remaining Inshore Sector Cooperative pollock harvest share for a season to the Vessel conducting the Inshore Sector Cooperative's "mop-up" harvests. In connection with a Mop-Up Transfer, all related Salmon Credit usage, all Salmon Savings Credits earned (if any), and all Insurance Pool usage and all related deductions and assessments shall be attributed to the transferor Vessels' accounts pro-rata, according to the Salmon Credits each of them transfers to the transferee Vessel, provided that nothing

in this Section 6.4.5 shall prevent the parties to a Mop-Up Transfer from allocating responsibility for such Salmon Credit Usage, Salmon Savings Credits earned and Insurance Pool usage and assessments among them otherwise by private agreement. Mop-Up Transfers are not subject to the ratio restrictions of Section 6.4.1, above.

6.5 Inter-Sector Transfers. The regulations implementing Amendment 91 permit transfers of Chinook salmon PSC bycatch units issued to “entities” between Bering Sea pollock fishery sectors. However, inter-sector transfers of salmon bycatch units do not change a sector’s Annual Threshold Amount. Therefore, salmon bycatch units transferred to an Inshore Sector Cooperative from another fishery sector, if used, could increase the risk of the inshore sector’s Chinook salmon PSC bycatch exceeding its Annual Threshold Amount. Therefore, no inter-sector transfers of Chinook salmon PSC bycatch units shall be made to a Cooperative other than in strict compliance with this Section 6.5. All other attempted transfers shall be void and have no effect.

6.5.1 An Inshore Sector Cooperative may receive a post-delivery inter-sector transfer of Chinook salmon PSC bycatch units to cover Chinook salmon PSC bycatch by a Vessel that causes a Cooperative to exceed the seasonal or annual bycatch limits imposed on the Cooperative under the regulations implementing Amendment 91, provided that the transfer is accomplished in compliance with the regulations governing such post-delivery transfers. A Cooperative that receives an inter-sector transfer of Chinook salmon PSC bycatch units to cover an “A” season overage shall reduce the amount of its Vessels’ “B” season Base Cap Credit Allocations by the amount of the inter-sector transfer. The Inshore Sector Cooperative receiving an inter-sector transfer of Chinook salmon PSC units shall notify the Manager of the identity of the Vessel(s) receiving the transferred units. An inter-sector transfer received under this provision shall increase the Annual Use Limit(s) of the Vessel(s) to which it is allocated.

6.5.2 If the inshore sector’s Chinook salmon PSC bycatch in the Bering Sea pollock fishery exceeds the Annual Threshold Amount during the course of a year, and if there has been no more than one (1) year during the prior six (6) years when the inshore sector has exceeded the Annual Threshold Amount, an Inshore Sector Cooperative may receive an inter-sector transfer of Chinook salmon PSC bycatch units, provided that the Vessel(s) using such transferred bycatch units must have an equal or greater amount of Salmon Savings Credits available, and all such transferred bycatch units used by such Vessel(s) shall be accounted for as Salmon Savings Credits used by such Vessel(s). The Inshore Sector Cooperative receiving an inter-sector transfer of Chinook salmon PSC units shall notify the Manager of the identity of the Vessel(s) receiving the transferred units. An inter-sector transfer received under this provision shall increase the Annual Use Limit(s) of the Vessel(s) to which it is allocated.

6.5.3 No Inshore Sector Cooperative shall transfer any inshore sector Chinook bycatch units to an “entity” in another sector unless and until all Inshore Sector Cooperatives have completed their directed pollock fishing for the year. Subject to the foregoing, an Inshore Sector Cooperative may transfer only Base Cap Credit Chinook salmon bycatch PSC units to entities in other sectors.

7. Insurance Pool Management. The Insurance Pool shall be funded annually in accordance with Section 3, above. Insurance Pool credits that are not used during the “A” season shall be carried

over to fund the Insurance Pool for the “B” season. If the entire Insurance Pool is used during any single season, there shall be no Insurance Pool credits available for the balance of that season.

7.1 Insurance Pool Use. Subject to the terms and conditions of this Section 7, if a Vessel in an Inshore Sector Cooperative takes Chinook salmon PSC as bycatch in the Bering Sea pollock fishery in an amount that exceeds the Vessel’s Available Credit Limit, the excess bycatch shall be covered with credits from the Insurance Pool, if any are available. Any Vessel using Insurance Pool credits shall immediately notify the Manager in writing.

7.2 Insurance Pool Repayment and Usage Assessments. A Vessel that has Chinook salmon PSC bycatch covered by the Insurance Pool shall contribute credits to the Insurance Pool in accordance with this Section 7.2.

7.2.1 Each Vessel shall repay to the Insurance Pool the amount of Insurance Pool credits used to cover the Vessel’s Chinook salmon PSC bycatch. A Vessel may repay the Insurance Pool by acquiring Base Cap Credits from another Vessel within ten (10) days of completing its offload for the trip in connection with which its Chinook salmon PSC bycatch is covered by the Insurance Pool. Any Vessel repaying Insurance Pool credits shall immediately notify the Manager in writing. If a Vessel makes a repayment with acquired Base Cap Credits within such 10 day period, the Vessel shall not be liable for an Insurance Pool usage assessment. If a Vessel fails to do so within such 10 day period, it shall pay the appropriate Insurance Pool usage assessment, and unless they are repaid before through a Base Cap Credit acquisition and transfer, the amount of credits the Vessel owes as repayment shall be deducted from its Base Cap Allocation at the beginning of the following season(s) until its repayment obligation is satisfied in full. All Insurance Pool repayments shall be accounted for as deposits into the Insurance Pool.

7.2.2 In addition to repaying the Insurance Pool for the credits used to cover its Chinook salmon PSC bycatch, each Vessel that has its Chinook salmon PSC bycatch covered by the Insurance Pool and fails to repay the Insurance Pool by acquiring additional Base Cap Credits within the 10 day period set forth in Section 7.2.1, above, shall pay an additional Insurance Pool usage assessment. All Insurance Pool usage assessments shall be accounted for as deposits into the Insurance Pool account.

7.2.2.1 Vessels that are “Qualified” shall have an Insurance Pool usage assessment obligation equal to fifty percent (50%) of the amount of credits from the Insurance Pool used to cover their Chinook salmon PSC bycatch. For purposes of this Section 7.2.2.1, a Vessel shall be deemed to be “Qualified” if (i) as of the date on which the Vessel started its first tow of the fishing trip during which the Vessel’s Chinook salmon PSC bycatch exceeded its Available Credit Limit, the Vessel had an amount of Available Cap Credits sufficient to cover the Vessel’s actual pollock harvest from such fishing trip, if the Vessel’s Chinook bycatch rate during such fishing trip had been equal to or less than the then-current seven (7) day rolling average Chinook bycatch rate of all other Vessels as calculated and published by the Monitoring Agent; and (ii) the Vessel at no time during such fishing trip fished within a rolling hot spot Savings Closure Area (as defined in Section 9, below), regardless of the Vessel’s eligibility to do so. The Manager shall have the authority to determine if a Vessel is Qualified, in the Manager’s sole discretion.

7.2.2.2 Vessels using Insurance Pool credits that are not deemed to be Qualified, but that started the relevant fishing trip with Available Cap Credits, shall pay an Insurance



Pool usage assessment payment equal to two hundred percent (200%) of the amount of credits from the Insurance Pool used to cover their Chinook salmon PSC bycatch.

7.2.2.3 Pursuant to Section 11 of this Agreement, each Vessel is obligated to have Available Cap Credits when it starts a fishing trip. A Vessel that starts a fishing trip without Available Cap Credits which has its Chinook salmon PSC bycatch covered by the Insurance Pool shall pay an Insurance Pool usage assessment equal to four hundred percent (400%) of the amount of credits from the Insurance Pool used to cover its Chinook salmon PSC bycatch.

8. Vessel and Cooperative Overage Stop Fishing Orders. If the Chinook salmon PSC bycatch of a Vessel, Opt-In Vessel or CDQ Vessel exceeds its Available Credit Limit, the Cooperative of which such vessel is a member shall immediately issue a "stop fishing" order to such vessel. If the aggregate Chinook salmon PSC bycatch of the vessels in one or more Cooperatives exceeds their Cooperative's aggregate Available Cap Limit, such that Manager in his or her sole discretion concludes that the inshore sector is at risk of exceeding its Annual Threshold Amount for the third (3<sup>rd</sup>) time in a seven (7) year period, upon receiving notice to that effect from the Manager, all Cooperatives shall immediately take all steps necessary to prevent the inshore sector from exceeding the Annual Threshold Amount, including but not limited to issuing "stop fishing" orders to all Vessels in the Cooperative, regardless of whether the Vessels in the Cooperative still have Available Cap Credits. If the Manager is notified that the Chinook salmon PSC bycatch of one or more Opt-In Vessels or CDQ Vessels could cause the catcher/processor sector, mothership sector or a CDQ organization to exceed its performance standard, the Manager shall immediately issue a "stop fishing" order to such vessel(s).

8.1 Cooperative Vessel Injunctions. To give effect to the provisions of this Section 8, each Cooperative agrees to take all actions necessary to obtain injunctive relief against any vessel in such Cooperative that does not cease fishing when the Cooperative issues a "stop fishing order", including but not limited to obtaining written consent in advance to such injunctive relief and a waiver of all rights to request an injunction-related bond from all Cooperative members.

8.2 Manager and Third Party Cooperative Authority. Each Cooperative agrees that if such Cooperative fails to issue a "stop fishing" order to one or more of its member vessels on a timely basis or fails to seek injunctive relief on a timely basis, both as determined by the Manager in his or her sole discretion, then one or more other Cooperatives and/or the Manager shall have the authority to issue the "stop fishing" order and seek injunctive relief against any of such Cooperative's vessels that do not stop fishing when the "stop fishing" order is issued.

9. Rolling Hot Spot Program. All references to "Vessels" in this Section 9 shall be construed as referring collectively to "Vessels", "Opt-In Vessels" and "CDQ Vessels". When the Vessels' catch of Chinook salmon PSC during a season is less than twenty-five percent (25%) of the total amount of Base Cap Credits held by the Vessels for that season, all Bering Sea pollock fishing by the Vessels shall be subject to area closures implemented under a "rolling hot spot" program, as provided in this Section 9 (the "Rolling Hot Spot Program"). When in effect, the terms and conditions of this Section 9 implementing the Rolling Hot Spot Program shall be in addition to, and not in substitution for, the other terms and conditions of this Agreement.

9.1 Monitoring and Management. The Cooperatives shall retain the Monitoring Agent to provide the data gathering, analysis, fleet monitoring and reporting services necessary to implement

the Rolling Hot Spot Program. The Coops shall retain UCB to provide day-to-day management of the Rolling Hot Spot Program.

9.2 Savings Area Management. The Monitoring Agent shall use a bycatch rate (the “Base Rate”) as a trigger for identifying areas closed to pollock fishing by certain Vessels, and as a basis for determining each Vessel’s “tier status”, which in turn shall govern whether, and if so, when, each Vessel may harvest pollock inside of a Savings Area.

9.3 Base Rate Calculation and Announcement. The Monitoring Agent shall set the Base Rate on a weekly basis. The Monitoring Agent shall announce the Base Rate each Thursday by 6:00 pm Pacific time, and the Base Rate shall be in effect for seven (7) days, from the following day (Friday) at 6:00 pm Pacific time. Other than as provided in Section 9.4, below, the Monitoring Agent shall calculate the average weekly rate of Chinook salmon taken as bycatch per metric ton of pollock by vessels harvesting pollock from the inshore sector allocation for the last three (3) weeks, as of each Thursday. The Base Rate shall be the greater of (i) the average bycatch rate calculated by the Monitoring Agent, or (ii) the rate of 0.035 Chinook salmon PSC per metric ton of pollock.

9.3.1 The Monitoring Agent shall use “A” season bycatch data from the period January 20 through January 29 of each year to provide the Vessels with preliminary information regarding the location and concentration of Chinook salmon, and to determine the initial Base Rate, the initial Savings Area closures and the initial Vessel Tier assignments (as defined below). The Monitoring Agent shall implement Chinook Savings Area closures as appropriate commencing on January 30<sup>th</sup> of each year, and thereafter through the balance of each “A” and “B” season.

9.4 Vessel Tier Assignments. For purposes of tier assignments, Vessel Chinook salmon PSC bycatch rates shall be the rate of Chinook salmon PSC taken as bycatch per metric ton of pollock during the relevant time period (i.e., initially the January 20 through 29 time period, and thereafter, the prior three (3) weeks). For purposes of this Section 9.4, a Vessel’s Chinook salmon PSC bycatch shall be determined with reference to observer data. Vessels with Chinook salmon PSC bycatch rates equal to or less than the then-current Base Rate shall be assigned to “Tier 1”. Vessels with Chinook salmon PSC bycatch rates greater than the then-current Base Rate shall be assigned to “Tier 2”.

9.5 Bycatch Hot Spot Identification. The Monitoring Agent shall calculate the Chinook salmon PSC bycatch rates for each ADF&G statistical area for which the Monitoring Agent receives a Chinook salmon PSC bycatch report, and when feasible, for each lateral half of each such statistical area. Each Thursday, the Monitoring Agent shall calculate the rate of Chinook salmon PSC taken as bycatch per metric ton of pollock in each such area by vessels harvesting pollock from the inshore sector allocation during the prior seven (7) days, as the Monitoring Agent determines appropriate given the quality of data available for the area. The bycatch rates shall be calculated on the basis of NMFS observer data.

9.6 Salmon Savings Areas. When the Rolling Hot Spot Program is in effect pursuant to this Section 9, on January 30 and on each Thursday thereafter, for the duration of the “A” season, and on June 20 and on each Thursday thereafter for the duration of the “B” season, the Monitoring Agent shall, subject to the criteria set forth below, provide notice to the Vessels identifying one or more areas designated as “Chinook Savings Areas”, within which pollock fishing shall be restricted on the basis of each Vessel’s Tier status.

9.6.1 Savings Area Designation Criteria. To qualify as a Chinook Savings Area, (a) an amount of pollock that the Monitoring Agent in its sole discretion determines to be substantial must have been taken in the Chinook Savings Area during the period on which its designation as a Chinook Savings Area is based, or the area must have been designated a Chinook Savings Area for the prior notification period and there must be evidence satisfactory to the Monitoring Agent in its sole discretion that suggests that Chinook bycatch rates in the area are not likely to have changed, and (b) the Chinook salmon bycatch rate in the area for the period on which its definition as a Savings Area is based must exceed the Base Rate. For purposes of (a), above, the Monitoring Agent shall consider a pollock harvest of two percent (2%) of the total amount of pollock harvested by vessels harvesting from the inshore allocation during the period on which a Savings Area designation is based to be indicative of, but not dispositive of, whether a substantial amount of pollock has been harvested in an area. Notwithstanding the foregoing, the Monitoring Agent shall identify and close Chinook Savings Areas in accordance with the terms of that certain "Chinook Conservation Agreement" among the Inshore Sector Cooperatives, dated as of January 11, 2008, a copy of which is attached to this Agreement as Exhibit 2. For purposes of this Agreement, all Vessels shall be subject to the terms and conditions of the Chinook Conservation Agreement as though they were parties to that Agreement.

9.6.2 Savings Area Boundaries and Limitations. Subject to the limits set forth in this Section, Chinook Savings Areas shall be defined by a series of latitude/longitude coordinates as the Monitoring Agent determines appropriate to address Chinook salmon PSC bycatch. Notwithstanding the foregoing, the following limits shall apply to designations of Chinook Savings Areas: (i) unless overriding evidence indicates that seasonal patterns of Chinook salmon PSC bycatch have shifted spatially relative to those experienced during the years 2000-2009, "A" season Chinook Savings Area closures shall only be made within areas that the Monitoring Agent identifies as having high Chinook salmon bycatch potential based on the Chinook bycatch patterns and rolling hot spot closures during the years 2000 through 2009; (ii) the total closed area encompassed by all Chinook Savings Areas in effect at any given time shall not exceed one thousand (1,000) square miles; (iii) subject to (ii), above, at the discretion of the Monitoring Agent and the Manager, up to three separate areas may be closed during any single one week closure period.

9.6.3 Chinook Savings Area Closure Announcements. Chinook Savings Area closures announced on Thursdays (the "Thursday Announcement" of the "Friday Closures") shall be effective from 6:00 pm the following Friday through 6:00 pm the Friday thereafter. Upon a Chinook Savings Area closure taking effect, Bering Sea pollock fishing by Vessels shall be restricted pursuant to Section 9.7, below. Each Thursday Announcement shall include the following information: (i) identification of the Chinook Savings Areas by chart and by listing the corner coordinates of the Chinook Savings Area boundaries; (ii) a season update on pollock harvest and Chinook salmon PSC bycatch by pollock fishery sector and in total; (iii) each Vessel's Tier status and rolling three (3) week average bycatch rate; (iv) the current Base Rate; (v) the average bycatch rate for the inshore sector fleet during the previous week; (vi) the most recent Chinook salmon PSC bycatch rates for each ADF&G statistical area in which there was directed pollock fishing during the previous week; (vii) a summary of seasonal and annual pollock harvests and seasonal and annual Chinook salmon PSC bycatch in the pollock fishery; (viii) a summary of Chinook salmon PSC bycatch amounts and trends relative to the Annual Threshold Amount; and (ix) general commentary on Chinook salmon PSC bycatch patterns and trends.

9.7 Chinook Savings Area Implementation. Tier 2 Vessels shall not fish in Chinook Savings Areas announced on a Thursday for a one (1) week period, commencing on the immediately

following Friday at 6:00 pm Pacific time. Tier 1 Vessels may fish in Chinook Savings Areas. For purposes of this Agreement, "fishing" shall mean all activity of a Vessel between the time of initial "gear deployment" and final "gear retrieval". "Gear deployment" and "gear retrieval" shall have the meanings given them in 50 C.F.R. 679.2 or its successor, as the same may be amended from time to time. Initial gear deployment shall mean setting trawl gear with an empty codend, and final gear retrieval shall mean retrieving trawl gear to either pull a codend aboard the Vessel or to deliver the codend to another vessel.

9.8 Data Gathering and Reporting. Vessels shall take all actions necessary to release their NMFS observer reports and official landing records to the Monitoring Agent as soon as commercially practicable after such documents are completed.

9.9 Savings Area Closure Enforcement. The Monitoring Agent shall monitor the fishing activities of all Vessels and shall promptly report all apparent Chinook Savings Area violations by a Vessel to the Board of Directors of the Cooperative to which the Vessel belongs. If the Vessel is a member of the Virtual Cooperative, the Monitoring Agent shall report apparent violations to the Manager. Upon receiving notice of an apparent violation from the Monitoring Agent, the Board of Directors or the Manager of the Cooperative to which the Vessel belongs shall have one hundred and eighty (180) days to take action in connection with the apparent violation, and to provide a report of the action taken and a copy of the record supporting that action to all other Coops.

9.10 Savings Area Violation Damages. If a Cooperative Board of Directors (or, in the case of the Virtual Cooperative, the Manager) determines that a Vessel that is a member of the Cooperative fished in a Chinook Savings Area in violation of this Agreement, the master of the Vessel determined to be in violation shall be required to pay an assessment. The assessment for a Vessel master's first (1<sup>st</sup>) annual violation of a Chinook Savings Area closure shall be one thousand dollars (\$1,000.00); the assessment for a Vessel master's second (2<sup>nd</sup>) annual violation of a Chinook Savings Area closure shall be five thousand dollars (\$5,000.00); and the assessment for a Vessel master's third (3<sup>rd</sup>) and subsequent annual violations of a Chinook Savings Area closure shall be ten thousand dollars (\$10,000.00). Because the damages resulting from violating a Chinook Savings Area closure are difficult to estimate, the foregoing assessment amounts are liquidated damages, the payment of which (together with reasonable costs of collection) shall satisfy a Vessel's and a Vessel master's obligations related to a Chinook Savings Area closure violation. The Inshore Sector Cooperatives shall take all actions necessary to give effect to this Section 9.10.

9.10.1 Funds collected in connection with a Chinook Savings Area violation, in excess of those necessary to reimburse the prevailing party for its costs and attorneys' fees, shall be paid to the Manager, and shall be expended as decided by majority vote of authorized representatives of the Inshore Sector Cooperatives to support research concerning salmon bycatch issues.

9.10.2 For purposes of this Section 9, state and federal landing reports, observer data, VMS tracking data, vessel log books and plotter data and Cooperative catch data produced by the Monitoring Agent in conformance with NMFS catch accounting procedures shall be presumed accurate and sufficient for determining whether a Vessel violated a Chinook Savings Area closure, absent a clear and compelling demonstration of manifest error. The Cooperatives agree to take all actions and execute all documents necessary to give effect to this provision.

9.11 Vessel Monitoring System. The Vessels shall obtain and maintain an operational VMS unit approved by the Monitoring Agent, provided that such units are available on a commercially reasonable basis. The Vessels shall release their VMS tracking data to the Monitoring Agent. The Monitoring Agent shall not disclose any such information, other than as specifically authorized by the Inshore Sector Cooperatives and the Manager. Because the damages resulting from a Vessel operating in non-compliance with this subsection are difficult to estimate, Vessels shall pay an assessment of One Thousand Dollars (\$1,000.00) per day for each consecutive day over thirty (30) consecutive days that a Vessel is employed in the Bering Sea pollock fishery without an operational VMS unit approved by Monitoring Agent, provided such unit is available on a commercially reasonable basis.

10. Virtual Cooperative Vessels, Opt-In Vessels and CDQ Vessels. The Vessels, Opt-In Vessels and CDQ Vessels in the Virtual Cooperative shall be subject to all obligations that are assumed in common by the Vessels in the Inshore Sector Cooperatives in connection with the Inshore Sector Cooperatives' participation in the Chinook salmon savings incentive plan implemented by this Agreement. Such obligations include the obligation to manage the Chinook salmon PSC allocations of the Vessels, Opt-In Vessels and CDQ Vessels such that the aggregate annual and seasonal allocations of such Vessels, Opt-In Vessels and CDQ Vessels are not exceeded.

10.1 The Manager shall have absolute authority, in the Manager's sole discretion, to establish annual and seasonal allocations of Chinook salmon PSC among the members of the Virtual Cooperative on a pro rata basis, according to the amounts of Chinook salmon PSC assigned to open access fishery in connection with each Vessel's participation in that fishery, and the amount of Chinook salmon PSC available for each Opt-In Vessel's and CDQ Vessel's use in connection with their Chinook salmon bycatch entity membership.

10.2 Because allocations to some or all of the Virtual Cooperative's members may not be transferable, Vessels, Opt-In Vessels and CDQ Vessels in the Virtual Cooperative shall not participate in the Insurance Pool.

11. General Vessel and Cooperative Rights and Obligations. To give effect to this Agreement, all Vessels, Opt-In Vessels, CDQ Vessels and Cooperatives shall have the following general rights and shall be subject to the following general obligations.

11.1 Compliance Agreement. The parties to this Agreement hereby agree to comply with all provisions of this Agreement. Each person who signs this Agreement as an authorized representative of an Inshore Sector Cooperative acknowledges that the Inshore Sector Cooperative he or she represents is executing this Agreement on behalf of the individuals, entities and vessels that are members of such Cooperative and that have agreed to participate in the IPA implemented under this Agreement, as listed on Exhibit 3.

11.2 Further Actions. The Cooperatives shall cause their members to take all actions and execute all documents necessary to give effect to this Agreement.

11.3 Vessel Owner Assumption of Vessel Obligations. Vessels, Opt-In Vessels and CDQ Vessels are granted rights and assume obligations under this Agreement, because this Agreement will not achieve its full intended effect unless those rights are granted and obligations are imposed on individual Vessels, Opt-In Vessels and CDQ Vessels, rather than on an individual or entity that may own

more than one Vessel, Opt-In Vessel or CDQ Vessel. However, notwithstanding any provisions of this Agreement to the contrary, the obligations of each Vessel, Opt-In Vessel and CDQ Vessel under this Agreement are and shall be deemed obligations of the individual(s) or entity or entities that own such Vessel, Opt-In Vessel or CDQ Vessel, other than those which are specifically imposed on the Vessel's master under Section 9, above. The Inshore Sector Cooperatives shall cause their Vessel owner members to each assume the obligations of their Vessels under this Agreement. The owners of each of the Vessels, Opt-In Vessels and CDQ Vessels in the Virtual Cooperative shall be deemed to have assumed all obligations imposed on their respective Vessels, Opt-In Vessels and CDQ Vessels by their election to participate in the Chinook salmon PSC bycatch avoidance incentive plan implemented under this Agreement.

11.4 Available Cap Credit Accounting and Management. Each Vessel, Opt-In Vessel and CDQ Vessel shall be responsible for accurately calculating the amount of Available Cap Credits it has available during the course of its fishing activity, and for conducting its fishing activity in compliance with its Available Credit Limit.

11.5 No Fishing Without Available Cap Credits. No Vessel, Opt-In Vessel or CDQ Vessel shall commence a fishing trip without Available Cap Credits. If a Vessel, Opt-In Vessel or CDQ Vessel does so, the Cooperative of which such vessel is a member shall immediately issue a "stop fishing" order to such vessel, and shall promptly seek injunctive relief to cause such vessel to cease fishing if such vessel fails to immediately comply with such "stop fishing" order.

11.6 Initial Allocation of Savings Credits Based on 2010 Fishing Year. The Inshore Sector Cooperatives have conducted their 2010 pollock fishing activities as though the IPA implemented under this Agreement was in effect, and Vessels have accrued Salmon Savings Credits accordingly. All Salmon Savings Credits earned in connection with 2010 fishing activity shall be credited to the Vessels' accounts for the 2011 fishing year.

12. Remedies for Breach: Waiver of All Monetary Damages, Limitation of Remedies and Authorization of Injunctive Relief. The Cooperatives acknowledge that the consequences associated with a breach of this Agreement by one or more Cooperatives or their members could include extremely large financial losses associated with forgone pollock fishing opportunities, and if the breach results in the inshore sector exceeding its performance standard under Amendment 91, a breach of this Agreement could result in permanent revision of the annual Bering Sea Chinook salmon PSC limit for the inshore sector from 60,000 Chinook salmon to 47,591 Chinook salmon, which could result in extremely large financial losses associated with forgone pollock fishing opportunities over a period of many years. The damages associated with these consequences are very difficult to quantify and could be so large that the Cooperative(s) or the Cooperative member(s) whose breach of this Agreement caused the damages to be suffered by others would not be capable of paying them within any reasonable period of time. Under these circumstances, the parties to this Agreement have concluded that, other than as specifically and explicitly provided in this Agreement, damages are not an effective remedy for breach of this Agreement. The parties to this Agreement have therefore elected instead to waive any rights to monetary damages, other than the damages specifically and explicitly authorized under this Agreement, and instead to adopt specific performance as the sole remedy for all other breaches of this Agreement by a Cooperative or its members, as set forth in this Section 12.

12.1 Waiver and Release of All Monetary Damages. The Cooperatives, acting on behalf of themselves and their members, hereby waive and release any and all claims that they may have against another Cooperative or its members for monetary damages for a breach of this Agreement, other than those specifically and explicitly authorized under this Agreement. This waiver extends to and includes all claims to direct, indirect, consequential, punitive, special or exemplary damages, regardless whether such damages are based on breach of contract, tort, or some other cause of action. This waiver and release applies to every type of breach of this Agreement, including but not limited to willful, knowing, grossly negligent, negligent and non-negligent breaches of this Agreement of any nature whatsoever.

12.2 Limitation of Remedies. As a substitute for the monetary damages waived and released under this Agreement, the Cooperatives, acting on behalf of themselves and their members, hereby limit their remedies for breach to the following:

12.2.1 Specific Performance. The Cooperatives, their members, the Manager and the Monitoring Agent shall individually and collectively have the right to demand and receive immediate specific performance of each and every obligation that each Cooperative and its members have under this Agreement.

12.2.2 Injunctive Relief. If a Cooperative or any of its members are in breach of any obligation whatsoever they may have under this Agreement, and if the Cooperative or Cooperative member in breach fails to immediately comply with each and every obligation it has under this Agreement upon receiving a written demand to that effect from the Manager, the Monitoring Agent, another Cooperative or one or more Cooperative members, the Manager, the Monitoring Agent, each Cooperative and each Cooperative member shall individually and collectively have the right to seek and obtain injunctive relief requiring the Cooperative or Cooperative member in breach to immediately and fully comply with each and every obligation it has under this Agreement.

12.2.3 Reimbursement of All Costs and Fees. Notwithstanding any provision of this Agreement to the contrary, each Cooperative and each Cooperative's members, the Manager and the Monitoring Agent shall be entitled to reimbursement of all costs and fees they incur in connection with any legal action they may individually or collectively take to enforce the terms and conditions of this Agreement, including but not limited to all attorneys' fees, arbitration costs, court costs, costs of bonds or other financial security posted or pledged in connection with such action, expert witness costs, costs of receivers or special masters, and each and every other cost or fee of any nature or amount whatsoever incurred in connection with such action, regardless of whether such cost is deemed reasonable in nature or amount.

12.3 Indemnification Against All Governmental Fines, Penalties and Forfeitures. Notwithstanding any provision of this Agreement to the contrary, each Cooperative that breaches this Agreement or whose member or members breach this Agreement shall indemnify, defend and hold the Manager, the Monitoring Agent and each Cooperative and each Cooperative's members harmless from and against all claims, liabilities, fines, penalties, forfeitures and fees of any nature and amount whatsoever asserted or obtained by NMFS, the U.S. Department of Justice or any other U.S. governmental agency with jurisdiction over the Bering Sea pollock fishery in connection with a Cooperative or a Cooperative's member or members' breach of this Agreement. This indemnification, defense and hold harmless shall extend to all attorneys' fees and all other costs and fees of any nature

or amount whatsoever incurred in relation to such action, regardless of whether such cost is deemed reasonable in nature or amount.

13. Agreement Duration and Termination. This Agreement shall take effect as of January 1, 2011, unless its effectiveness is delayed beyond that date under the regulations implementing Amendment 91. This Agreement shall remain in effect unless and until it no longer satisfies the IPA requirements of the regulations implementing Amendment 91.

14. Withdrawal and Continuing Obligations. No Vessel, Opt-In Vessel or CDQ Vessel shall withdraw from participation in the IPA implemented under this Agreement other than in strict compliance with this Section 14. All other attempts to withdraw shall be void and shall have no effect.

14.1 No Vessel, Opt-In Vessel, CDQ Vessel or Inshore Sector Cooperative shall withdraw from the IPA during a Bering Sea pollock fishing year.

14.2 No Vessel, Opt-In Vessel, CDQ Vessel or Inshore Sector Cooperative shall withdraw from this Agreement unless and until all of its outstanding obligations (and, in the case of a Cooperative, its members' obligations) under this Agreement are fully satisfied. For purposes of illustration, and without limitation, no Vessel shall withdraw unless and until it has satisfied all of such Vessel's Insurance Pool repayment and usage assessment obligations.

14.3 A Vessel, Opt-In Vessel, CDQ Vessel or Inshore Sector Cooperative that wishes to withdraw from this Agreement must notify the Board of Directors of the Cooperative to which it belongs and the Manager in writing on or before October 1 of the year prior to the year in which such withdrawal will be effective. If delivered by that date, the Vessel's withdrawal shall be effective as of December 31 of the year during which such notice was delivered.

15. Manager. The Inshore Sector Cooperatives shall retain a person to fulfill the obligations of the "Manager" under this Agreement. The Manager shall be the "IPA representative" as defined in the regulations implementing Amendment 91. The Inshore Sector Cooperatives and UCB shall enter into an arrangement under which Mr. John Gruver, an employee of UCB, shall assume the obligations of "Manager" under this Agreement, until such time as the Inshore Cooperatives appoint a substitute Manager.

16. Monitoring Agent. The Inshore Sector Cooperatives shall retain Sea State as the "Monitoring Agent" under this Agreement, until such time as the Inshore Sector Cooperatives appoint a substitute Monitoring Agent.

17. Release and Waiver of All Claims Against Manager, UCB and Monitoring Agent; Indemnification and Hold Harmless. The parties acknowledge that the effectiveness of this Agreement depends to a significant extent on the Manager and Monitoring Agent exercising their independent responsibility and judgment in fulfilling its terms. The parties further acknowledge that if the Manager or the Monitoring Agent were potentially liable for simple negligence in connection with such actions, the Manager and/or the Monitoring Agent would not accept the responsibilities they assume under this Agreement. It is therefore in the parties' interest to reduce the Manager's and the Monitoring Agent's potential liability under this Agreement. Therefore, the Inshore Sector Cooperatives hereby waive and release any and all claims against John Gruver, UCB and Sea State arising out of or relating to John



Gruver's, UCB's or Sea State's services in connection with this Agreement, other than those arising out of gross negligence or willful misconduct by John Gruver, UCB and Sea State. Further, the Inshore Sector Cooperatives jointly and severally agree to indemnify, defend and hold John Gruver, UCB and Sea State harmless against any third party claims asserted against John Gruver, Sea State or UCB arising out of or relating to John Gruver's, Sea State's or UCB's services in connection with this Agreement, other than those arising out of gross negligence or willful misconduct by John Gruver, Sea State or UCB.

18. Amendments. No amendment to this Agreement shall be effective unless and until it is executed in writing by all parties to this Agreement, and approved by NMFS in accordance with the regulations implementing Amendment 91.

19. Miscellaneous.

19.1 This Agreement shall be governed by and construed in accordance with applicable federal law and the laws of the State of Washington.

19.2 This Agreement may be executed in counterparts which, when taken together, shall have the same effect as a fully executed original. Delivery of a signed copy of this Agreement by telefacsimile or email shall have the same effect as delivering a signed original.

19.3 The parties agree to execute any documents necessary or convenient to give effect to the intents and purposes of this Agreement.

19.4 All notices required to be given under this Agreement shall be deemed given five (5) days following deposit in certified first class U.S. mail, postage prepaid, with the correct address, or upon the first business day following confirmed telefacsimile or email transmission to the recipient. Each party to this Agreement agrees to provide the name, postal address, telefacsimile number and email address of its duly authorized representative(s) for purposes of receiving notices under this Agreement within three (3) days of executing this Agreement.

19.5 In the event that any provision of this Agreement is held to be invalid or unenforceable, such provision shall be deemed to be severed from this Agreement, and such holding shall not affect in any respect whatsoever the validity of the remainder of this Agreement.

19.6 Each party to this Agreement agrees to use its best efforts to resolve any disputes arising under this Agreement through direct negotiations. Breaches of this Agreement for which a party seeks a remedy other than injunctive relief that are not resolved through direct negotiation shall be submitted to binding arbitration in Seattle, Washington upon the request of any party to this Agreement. The party's written request will include the name of the arbitrator selected by the party requesting arbitration. The other party will have ten (10) days to provide written notice of the name of the arbitrator it has selected, if any. If the other party timely selects a second arbitrator, the two arbitrators will select a third arbitrator within ten (10) days. If the other party does not timely select the second arbitrator, there shall be only the one arbitrator. The single arbitrator or the three (3) arbitrators so selected will schedule the arbitration hearing as soon as possible thereafter. No arbitrator, however chosen, shall have any material ties to any party to this Agreement or any Inshore Cooperative member. The decision of the arbitrator (or in the case of a three (3) arbitrator panel, the decision of the majority) will be final and binding. The arbitration will be conducted under the rules of

(but not by) the American Arbitration Association. The parties will be entitled to limited discovery as determined by the arbitrator(s) in his or her or their sole discretion. The arbitrator(s) will also determine the "prevailing party" and that party will be entitled to its reasonable costs, fees and expenses, including attorneys' and arbitrator fees, incurred in the action by said party. In no event will arbitration be available pursuant to this paragraph after the date when commencement of such legal or equitable proceedings based on such claim, dispute, or other matter in question would be barred by the applicable statute of limitations.

Entered into as of the date first set forth above.

AKUTAN CATCHER VESSEL ASSOCIATION

By \_\_\_\_\_  
Its \_\_\_\_\_


NORTHERN VICTOR FLEET COOPERATIVE

By \_\_\_\_\_  
Its \_\_\_\_\_

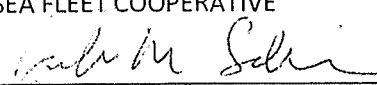
PETER PAN FLEET COOPERATIVE

By \_\_\_\_\_  
Its \_\_\_\_\_

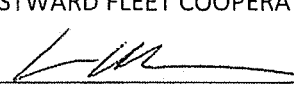
UNALASKA FLEET COOPERATIVE

By  \_\_\_\_\_  
Its Authorized Representative

UNISEA FLEET COOPERATIVE

By  \_\_\_\_\_  
Its Authorized Representative

WESTWARD FLEET COOPERATIVE

By  \_\_\_\_\_  
Its EXECUTIVE DIRECTOR

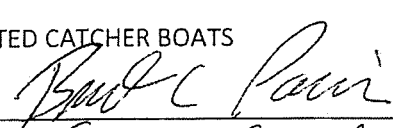
F/V NORTHWEST EXPLORER  
By B & N FISHERIES COMPANY

By \_\_\_\_\_  
Its \_\_\_\_\_

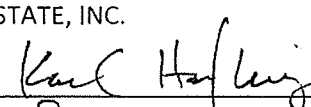
F/V LESLIE LEE  
By F/V LESLIE LEE, INC.

By Lee Woodward  
Its \_\_\_\_\_

UNITED CATCHER BOATS

By  \_\_\_\_\_  
Its EXECUTIVE DIRECTOR

SEA STATE, INC.

By  \_\_\_\_\_  
Its PRESIDENT

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Entered into as of the date first set forth above.

AKUTAN CATCHER VESSEL ASSOCIATION

By \_\_\_\_\_  
Its \_\_\_\_\_

NORTHERN VICTOR FLEET COOPERATIVE

By \_\_\_\_\_  
Its \_\_\_\_\_

PETER PAN FLEET COOPERATIVE

By \_\_\_\_\_  
Its \_\_\_\_\_

UNALASKA FLEET COOPERATIVE

By \_\_\_\_\_  
Its \_\_\_\_\_


UNISEA FLEET COOPERATIVE

By \_\_\_\_\_  
Its \_\_\_\_\_

WESTWARD FLEET COOPERATIVE

By \_\_\_\_\_  
Its \_\_\_\_\_

F/V NORTHWEST EXPLORER  
By B & N FISHERIES COMPANY

By  \_\_\_\_\_  
Its MANAGER

F/V LESLIE LEE  
By F/V LESLIE LEE, INC.

By Lee Woodward  
Its  \_\_\_\_\_

UNITED CATCHER BOATS

By \_\_\_\_\_  
Its \_\_\_\_\_

SEA STATE, INC.

By \_\_\_\_\_  
Its \_\_\_\_\_

(but not by) the American Arbitration Association. The parties will be entitled to limited discovery as determined by the arbitrator(s) in his or her or their sole discretion. The arbitrator(s) will also determine the "prevailing party" and that party will be entitled to its reasonable costs, fees and expenses, including attorneys' and arbitrator fees, incurred in the action by said party. In no event will arbitration be available pursuant to this paragraph after the date when commencement of such legal or equitable proceedings based on such claim, dispute, or other matter in question would be barred by the applicable statute of limitations.

Entered into as of the date first set forth above.

AKUTAN CATCHER VESSEL ASSOCIATION

By \_\_\_\_\_  
Its \_\_\_\_\_

NORTHERN VICTOR FLEET COOPERATIVE

By \_\_\_\_\_  
Its \_\_\_\_\_

PETER PAN FLEET COOPERATIVE

By Michael Hunt  
Its PRESIDENT

UNALASKA FLEET COOPERATIVE

By \_\_\_\_\_  
Its \_\_\_\_\_

UNISEA FLEET COOPERATIVE

By \_\_\_\_\_  
Its \_\_\_\_\_

WESTWARD FLEET COOPERATIVE

By \_\_\_\_\_  
Its \_\_\_\_\_

F/V NORTHWEST EXPLORER

By B & N FISHERIES COMPANY

By \_\_\_\_\_  
Its \_\_\_\_\_

F/V LESLIE LEE

By F/V LESLIE LEE, INC.

By Lee Woodward  
Its \_\_\_\_\_

UNITED CATCHER BOATS

By \_\_\_\_\_  
Its \_\_\_\_\_

SEA STATE, INC.

By \_\_\_\_\_  
Its \_\_\_\_\_

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Entered into as of the date first set forth above.

AKUTAN CATCHER VESSEL ASSOCIATION

By

Its

VP/mgr

NORTHERN VICTOR FLEET COOPERATIVE

By

Its

PETER PAN FLEET COOPERATIVE

By

Its

UNALASKA FLEET COOPERATIVE

By

Its

UNISEA FLEET COOPERATIVE

By

Its

WESTWARD FLEET COOPERATIVE

By

Its

F/V NORTHWEST EXPLORER  
By B & N FISHERIES COMPANY

By

Its

F/V LESLIE LEE  
By F/V LESLIE LEE, INC.

By Lee Woodward

Its

UNITED CATCHER BOATS

By

Its

SEA STATE, INC.

By

Its

(but not by) the American Arbitration Association. The parties will be entitled to limited discovery as determined by the arbitrator(s) in his or her or their sole discretion. The arbitrator(s) will also determine the "prevailing party" and that party will be entitled to its reasonable costs, fees and expenses, including attorneys' and arbitrator fees, incurred in the action by said party. In no event will arbitration be available pursuant to this paragraph after the date when commencement of such legal or equitable proceedings based on such claim, dispute, or other matter in question would be barred by the applicable statute of limitations.

Entered Into as of the date first set forth above.

AKUTAN CATCHER VESSEL ASSOCIATION

By \_\_\_\_\_  
Its \_\_\_\_\_

NORTHERN VICTOR FLEET COOPERATIVE

By *Pat Anderson*  
Its *President*

PETER PAN FLEET COOPERATIVE

By \_\_\_\_\_  
Its \_\_\_\_\_

UNALASKA FLEET COOPERATIVE

By \_\_\_\_\_  
Its \_\_\_\_\_

UNISEA FLEET COOPERATIVE

By \_\_\_\_\_  
Its \_\_\_\_\_

WESTWARD FLEET COOPERATIVE

By \_\_\_\_\_  
Its \_\_\_\_\_

F/V NORTHWEST EXPLORER  
By B & N FISHERIES COMPANY

By \_\_\_\_\_  
Its \_\_\_\_\_

F/V LESLIE LEE  
By F/V LESLIE LEE, INC.

By Lee Woodward  
Its \_\_\_\_\_

UNITED CATCHER BOATS

By \_\_\_\_\_  
Its \_\_\_\_\_

SEA STATE, INC.

By \_\_\_\_\_  
Its \_\_\_\_\_

Exhibit 1

Base Cap Transfer Tax Percentages						
		% of Sector TAC Harvested at Time of Transfer (Base Cap Transfers made prior to 50% of the season TAC having been harvested are taxed at the rate of 50%.)				
		≥50 - <60	≥60 - <70	≥70 - <80	≥80 - <90	≥90 - 100
% of Annual Threshold Amount Used at Time of Transfer	0 - <20	30	35	40	45	50
	≥20 - <30	25	30	35	40	45
	≥30 - <40	20	25	30	35	40
	≥40 - <50	15	20	25	30	35
	≥50 - <60	10	15	20	25	30
	≥60 - <70	0	0	10	20	25
	≥70 - <80	0	0	0	10	15
	≥80 - <90	0	0	0	0	5
	≥90 - 100	0	0	0	0	0

## Exhibit 2

Coordinates for the core areas are shown below. A season core areas enclose 11,280 sq mi. B season core areas enclose 31,655 sq mi.

### A and B seasons, Unimak

Latitude		Longitude	
55	10	167	30
55	10	165	30
55	35	164	30
<b>55</b>	<b>35</b>	<b>163</b>	<b>23</b>
54	35	165	20
54	20	165	20
54	20	166	30

### A season, Pribilofs

Latitude		Longitude	
56	30	170	0
56	30	167	45
55	25	167	45
55	25	168	20
56	0	170	0

### B season, Pribilofs

Latitude		Longitude	
56	45	173	0
56	45	167	45
55	25	167	45
55	25	168	20
56	25	173	0

### B season Zhemchug

Latitude		Longitude	
59	0	176	50
59	0	174	15
58	0	173	0
57	0	173	0
58	30	176	50



Exhibit 2

B season, Pervenets

Latitude		Longitude	
59	55	178	25
59	55	176	50
59	10	176	50
59	10	178	25

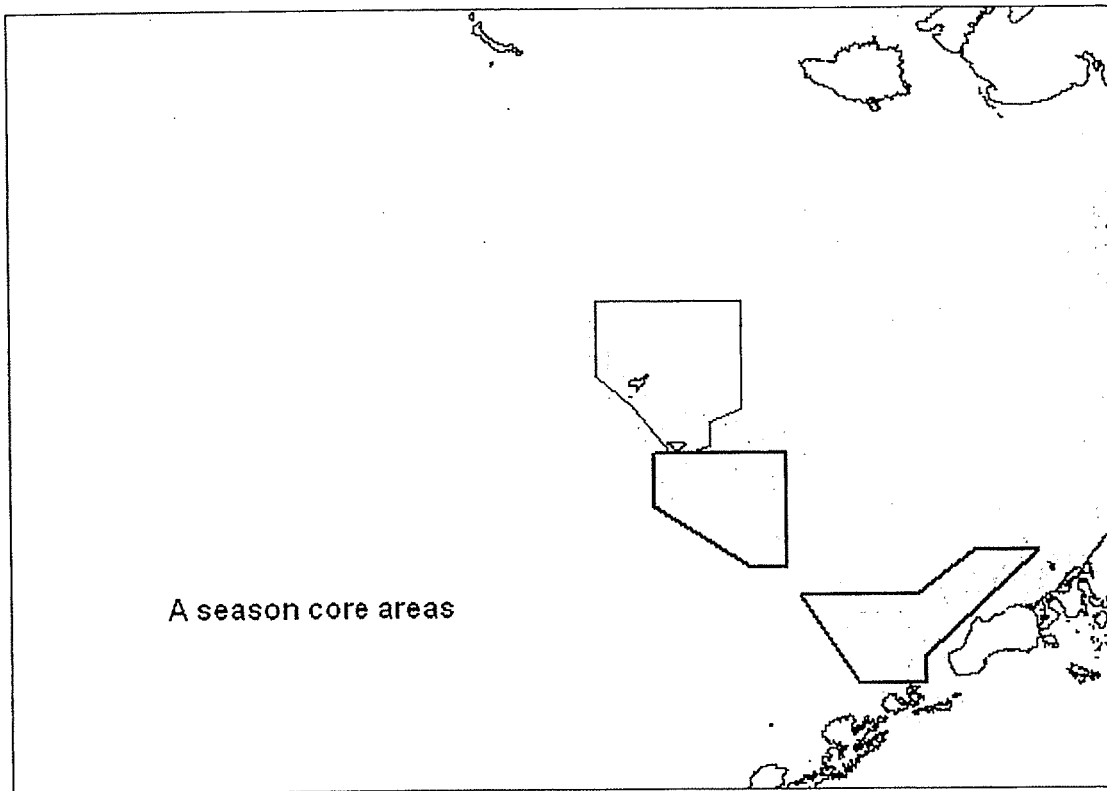


Exhibit 2

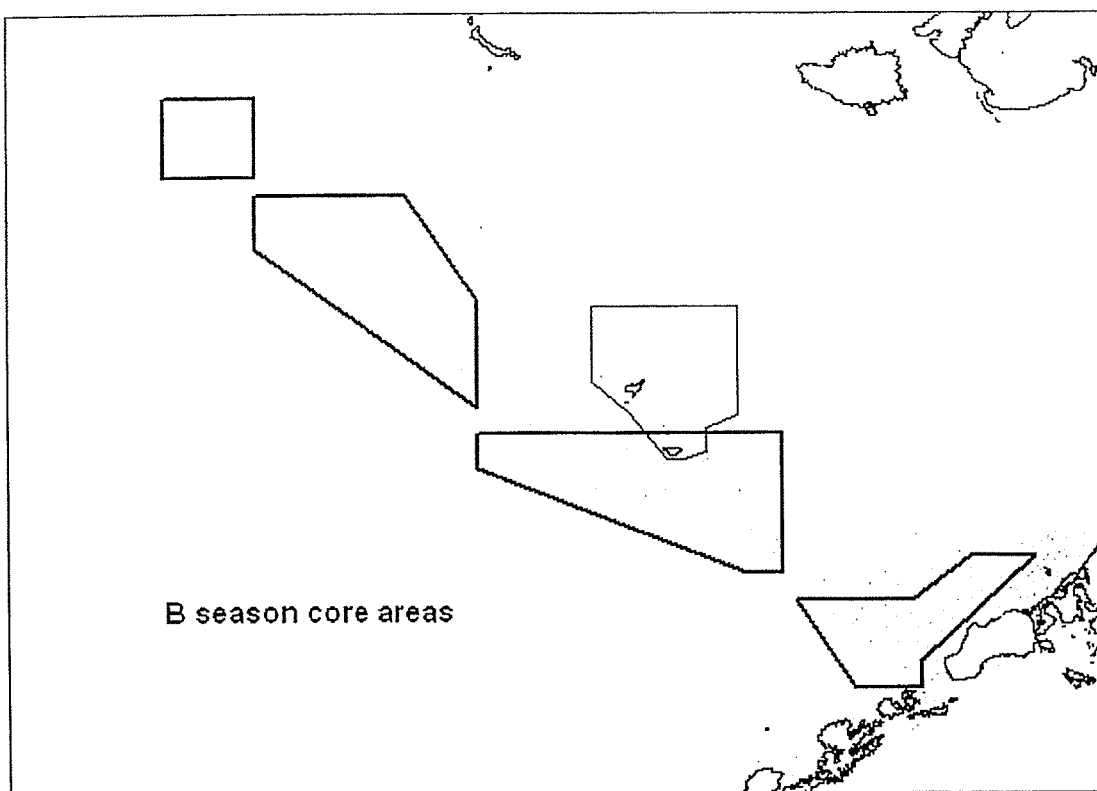


Exhibit 3

Inshore Coop	Vessel	ADF&G Number	USCG Vessel Documentation Number	Federal Fisheries Permit Number (also AFA Permit Number)
Akutan Catcher Vessel Association - AFA Coop Permit # 101	Aldebaran	48215	664363	901
	Arctic Explorer	57440	936302	3388
	Arcturus	45978	655328	533
	Blue Fox	62892	979437	4611
	Bristol Explorer	55923	647985	3007
	Cape Kiwanda	61432	618158	1235
	Columbia	39056	615729	1228
	Dominator	08668	602309	411
	Excalibur II	54653	636602	410
	Exodus Explorer	33112	598666	1249
	Gladiator	32473	598380	1318
	Golden Dawn	35687	604315	1292
	Golden Pisces	32817	599585	586
	Hazel Lorraine	57117	592211	523
	Intrepid Explorer	64105	988598	4993
	Lisa Melinda	41520	584360	4506
	Majesty	60650	962718	3996
	Marcy J	00055	517024	2142
	Margaret Lyn	31672	615563	723
	Mark I	06440	509552	1242
	Nordic Explorer	51092	678234	3009
	Northern Patriot	55153	637744	2769
	Ocean Explorer	51073	678236	3011
	Pacific Explorer	50759	678237	3010
	Pacific Ram	61792	589115	4305
	Pacific Viking	00047	555058	422
	Pegasus	57149	565120	1265
	Peggy Jo	09200	502779	979
	Perseverance	12668	536873	2837
	Predator	33744	547390	1275
	Raven	56395	629499	1236
	Royal American	40840	624371	543
	Seeker	59476	924585	2849
	Sovereignty	55199	651752	2770
	Traveler	58821	929356	3404
	Viking Explorer	36045	605228	1116

Inshore Coop	Vessel	ADF&G Number	USCG Vessel Documentation Number	Federal Fisheries Permit Number (also AFA Permit Number)
Northern Victor Fleet Cooperative - AFA Coop Permit # 103	American Eagle	00039	558605	434
	Anita J	00029	560532	1913
	Collier Brothers	54648	593809	2791
	Commodore	53843	914214	2657
	Gold Rush	40309	521106	1868
	Half Moon Bay	39230	615796	249
	Miss Berdie	59123	913277	3679
	Nordic Fury	00200	542651	1094
	Ocean Hope 3	48173	652397	1623
	Pacific Fury	00033	561934	421
	Poseidon	37036	610436	1164
	Royal Atlantic	00046	559271	236
	Storm Petrel	39860	620769	1641
	Sunset Bay	35527	598484	251
Peter Pan Fleet Cooperative - AFA Coo Permit # 104	AJ	57934	599164	3405
	American Beauty	24255	613847	1688
	Elizabeth F	14767	526037	823
	Morning Star	70323	1037811	6204
	Ocean Leader	00032	561518	1229
	Oceanic	03404	602279	1667
	Pacific Challenger	06931	518937	657
	Providian	70709	1062183	6308
	Topaz	40250	575428	405
	Walter N	34919	257365	825
Unalaska Co-Op - AFA Coop Permit # 105	Alaska Rose	38989	610984	515
	Bering Rose	40638	624325	516
	Destination	60655	571879	3988
	Great Pacific	37660	608458	511
	Messiah	66196	610150	6081
	Ms Amy	56164	920936	2904
	Progress	00006	565349	512
	Sea Wolf	35957	609823	1652
	Vanguard	39946	617802	519
	Western Dawn	22294	524423	134

Inshore Coop	Vessel	ADF&G Number	USCG Vessel Documentation Number	Federal Fisheries Permit Number (also AFA Permit Number)
UniSea Fleet Cooperative - AFA Coop Permit # 106	Alsea	40749	626517	2811
	Argosy	38547	611365	2810
	Auriga	56153	639547	2889
	Aurora	56154	636919	2888
	Defender	56676	554030	3257
	Fierce Allegiance	55111	588849	4133
	Gun-Mar	41312	640130	425
	Mar-Gun	12110	525608	524
	Morning Star	38431	610393	208
	Nordic Star	00961	584684	428
	Pacific Monarch	54645	557467	2785
	Seadawn	00077	548685	2059
	Star Fish	00012	561651	1167
	Starlite	34931	597065	1998
	Starward	39197	617807	417
Westward Fleet Cooperative - AFA - Permit # 107	Alaskan Command	57321	599383	3391
	Alyeska	00045	560237	395
	Arctic Wind	01112	608216	5137
	Caitlin Ann	59779	960836	3800
	Chelsea K	62906	976753	4620
	Dona Martita	51672	651751	2047
	Hickory Wind	47795	594154	993
	Pacific Knight	54643	561771	2783
	Pacific Prince	61450	697280	4194
	Viking	00008	565017	1222
	Westward I	53247	615165	1650